

Replacement Application w/ Corrected #'s

Methodist Healthcare-
Memphis Hospitals dba
Methodist North Hospital

CN1709-029



1211 Union Avenue • Memphis, Tennessee 38104 • www.methodisthealth.org

September 25, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare--Memphis Hospitals dba Methodist North Hospital filed CN1709-029 to relocate Methodist's psychiatric unit on September 15, 2017. Please see responses to the Supplemental questions received September 21, 2017 including a full re-print (Attachment E) of the application and attachment with corrected page numbers.

Enclosed in triplicate is the supplemental response. Thank you. Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Carol Weidenhoffer".

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

SEP 26 17 PM 1:35

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones, President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of September, 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires _____, My Commission Expires January 20, 2019

HF-0043

Revised 7/02





State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Methodist Healthcare-Memphis Hospitals dba Methodist North Hospital
Name

3960 New Covington Pike
Street or Route

Shelby
County

Memphis
City

TN
State

38128
Zip Code

Website address: www.methodisthealth.org/

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2. Contact Person Available for Responses to Questions

Carol Weidenhoffer
Name

Senior Director of Planning
Title

Methodist Le Bonheur Healthcare
Company Name

carol.weidenhoffer@mlh.org
Email address

1211 Union Ave, Suite 865
Street or Route

Memphis
City

TN
State

38104
Zip Code

Associate
Association with Owner

901-516-0679
Phone Number

901-516-0621
Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
 - The project is to relocate Methodist Healthcare-Memphis Hospitals' existing 34-bed inpatient psychiatric unit from Methodist University Hospital (Shelby County) to Methodist North Hospital (Shelby County).
 - Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. A vital part of that project plan is the demolition of the Crews building – where the psychiatric unit is housed - at the corner of Union Avenue and Bellevue Boulevard to improve circulation around the campus as well as increase the visibility of the main hospital entrance.
 - This is a proposed transfer of psychiatric hospital beds within the Methodist Healthcare–Memphis Hospitals (“Methodist”) system in Shelby County, with no net increase of beds in the county. Methodist has a single license for all five of its Shelby County hospitals; its total licensed acute care bed complement of 1,593 beds will not change.
 - The project will add 34 licensed beds – 10 private and 24 semi-private - to Methodist North Hospital increasing licensed beds from 246 to 280. Simultaneously, Methodist will close 34 licensed beds at Methodist University Hospital decreasing licensed beds from 617 to 583.
 - This project has been meticulously considered and planned. Consideration was given to keeping the 34-bed unit on the Methodist University Hospital campus as originally planned in CN1602-009. However after further analysis, it was determined the Methodist North campus was the optimal location.
 - The project will renovate almost 19,000 square feet of space – which is 3,000 square feet more than the unit currently occupies - on the Methodist North campus. The proposed location is a separate building attached to the main hospital but contained as singular space with a separate entrance. The secured, controlled access makes it an improved setting for the Methodist psychiatric services to ensure privacy and security.
 - The proposed location currently houses medical-surgical beds. This unit will be relocated to the fourth and fifth floors of the Methodist North hospital which is currently configured for medical-surgical beds.
- 2) Ownership structure;
 - The applicant, owner, and licensee, Methodist Healthcare–Memphis Hospitals (Methodist), is a not-for-profit corporation that operates five Shelby County hospitals under a single license. The applicant is a wholly-owned subsidiary of a broader parent organization, Methodist Healthcare, which is a not-for-profit corporation with ownership and operating interests in healthcare facilities in West Tennessee, North Mississippi and East Arkansas.
- 3) Service area;
 - Shelby County is the primary service area for this project.
 - The largest city in Shelby County is Memphis, Tennessee which is the location

of this project. The behavioral health service area for Methodist does not change with the relocation of the beds within the Memphis city limits.

- 4) Existing similar service providers;
 - The service area contains other psychiatric inpatient facilities including Delta Medical Center, Crestwyn Behavioral Health Hospital, Lakeside Behavioral Health System, St. Francis Hospital – Park and Memphis Mental Health Institute (MMHI).
 - Four of the Shelby County facilities reported 590 licensed psychiatric beds between 2013 and 2015 with overall average occupancy of 67%, 64% and 71% respectively.
 - Crestwyn Behavioral Health Hospital opened in April 2015 transferring 60 beds from two existing Shelby County facilities (Delta 20 beds and St. Francis 40 beds) with no net bed increase in the service area. There is no Joint Annual report published yet for this facility and is therefore not included in reported market statistics.
- 5) Project cost
 - The estimated project cost is \$2,295,000 which includes \$1,384,375 in construction costs.
- 6) Funding;
 - The project will be funded in cash by the applicant's parent company, Methodist Le Bonheur Healthcare. Methodist is, and will remain, financially viable.
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
 - The projections in this application show the Hospital and psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020). Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus.
- 8) Staffing
 - The applicant projects a total of 27.91 associated in the project's first full calendar year of operation. All current staff will be relocated along with the beds and service to the proposed location. FTEs are not added with this project.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) Need;
 - This application requests the relocation of Methodist's existing 34-bed psychiatric inpatient unit from Methodist University Hospital to Methodist

North Hospital. Methodist has operated the psychiatric unit since 1973, and is committed to continue services. Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. The demolition of the Crews building – where the psychiatric unit is housed – will force the relocation of the program and beds.

- The choice to relocate the 34 beds to a hospital within the same system, only 13.7 miles away, allows Methodist to serve the same community with the same resources. This project is needed in order to maintain accessibility to acute mental health services.
 - The majority of patients admitted to the Methodist psychiatric unit are Severely and Persistently Mentally Ill (SPMI) patients who are psychiatrically disabled adults with Medicare coverage. Methodist will continue to serve chronic, SPMI patients in this unit with onsite acute medical services to treat comorbid medical conditions. Projections show the composition of the population and mix of populations served will change.
 - Methodist currently plays an active role in the psychiatric continuum of care in the service area with positive relationships with referral sources. The majority of the applicant's patients arrive during crisis by ambulance or as direct referrals from the Crisis Assessment Center. This relocation maintains positive referral relationships in an improved location.
 - The unit runs in a cost effective manner – the new location was most cost effective and least disruptive choice. The proposed location is attached to the main hospital but contained as singular space. The building is isolated from the rest of the general hospital with a separate entrance. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and security.
 - The proposed location provides more square footage for the service line adding more expansive group therapy and activities space and a larger environment of care.
- 2) Economic Feasibility;
- This project is economically feasible. The projections in this application show Methodist North Hospital and psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020).
 - Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus.
- 3) Appropriate Quality Standards; and
- These beds will be licensed by the DNV. The psychiatric unit will meet and exceed all relevant quality standards as regulated by DNV.
- 4) Orderly Development to adequate and effective health care.
- This project has been meticulously considered and planned. Consideration was given to keeping the 34-bed unit on the Methodist University Hospital campus as originally planned in CN1602-009. However after further analysis, it was determined the Methodist North campus better met the needs of the program with improved space and environment of care.
 - The beds and programs are well established and a part of the service area's psychiatric continuum of care. The project will not negatively affect any providers in the service area. These are existing Methodist beds which will be relocated within the same hospital system less than 14 miles away.
 - Existing equipment, clinical leadership, professional staff, equipment and policies and procedures will be relocated with minimal disruption of services.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

Please see Attachment A3-C for the Consent Calendar request.

4. SECTION A: PROJECT DETAILS

Owner of the Facility, Agency or Institution

A.

Methodist Healthcare – Memphis Hospitals		901-516-7000
Name		Phone Number
1211 Union Avenue, Suite 700		Shelby
Street or Route		County
Memphis		38104
City	TN	Zip Code
	State	

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	_____
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	_____
E. Corporation (Not-for-Profit)	X _____	I. Other (Specify) _____	_____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A-1.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.- This is an attachment (2) Org structure **See Attachment A-4a-2**

5. Name of Management/Operating Entity (If Applicable)

Not Applicable
Name _____

Street or Route	_____	County	_____
City	_____	State	_____
Website address: _____		Zip Code	_____

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

6A. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|---------------------------------|---------------------|--------------------|-----------------------------|
| A. Ownership | <u> X </u> | D. Option to Lease | <u> </u> |
| B. Option to Purchase | <u> </u> | E. Other (Specify) | <u> </u> |
| C. Lease of <u> </u> Years | <u> </u> | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

Please see Attachment A-6A for the site control documents.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

- 1) Plot Plan **must** include:
 - a. Size of site (*in acres*);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.

Please see Attachment 6B-1 for the plot plan.

- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

Please see Attachment 6B-2 for the floor plan.

- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The hospital is conveniently located on Covington Pike which is a major thoroughfare in north Memphis with intersections starting at I-40 and ending at I-269 making it easily accessible for patients traveling by car, public transportation (MATA bus) and ambulance. Covington Pike connects Memphis with communities across northeast Shelby County including Millington, Frayser, Raleigh, Bartlett and Arlington. A map of the MATA bus route is attached to show the bus stop next to the hospital. See Attachment 6B-3 for this map.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. **Type of Institution** (Check as appropriate--more than one response may apply)

- | | |
|--|--|
| A. Hospital (Specify) <u>Acute</u> <u>x</u> | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | |

Check appropriate line(s).

8. **Purpose of Review** (Check appropriate line(s) – more than one response may apply)

- | | |
|--|---|
| A. New Institution _____ | F. Change in Bed Complement <u>X</u> |
| B. Modifying an ASTC with limitation still required per CON _____ | <i>[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, <u>Relocation</u>]</i> |
| C. Addition of MRI Unit _____ | G. Satellite Emergency Dept. _____ |
| D. Pediatric MRI _____ | H. Change of Location <u>X</u> |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | I. Other (Specify) _____ |

9. **Medicaid/TennCare. Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 44-0049

Medicaid Provider Number 44-0049

Certification Type Acute Care Facility

Methodist Healthcare- Memphis Hospitals including Methodist North Hospital contract with above entities.

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare Yes No X N/A Medicaid/TennCare Yes No X N/A

10. Bed Complement Data- Beds listed at North

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed Beds</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	210	186				210
2) Surgical						
3) ICU/CCU	36	36				36
4) Obstetrical						
5) NICU						
6) Pediatric						
7)Adult Psychiatric			34			34
8) Geriatric Psychiatric						
9) Child / Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child / Adolescent Chemical Dependency						
13) Long Term Care Hospital						
14) Swing Beds						
15) Nursing Home - SNF (Medicare Only)						
16) Nursing Home - NF (Medicaid Only)						
17) Nursing Home - SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home- Licensed (Non-certified)						
19) ICF/IID						
20) Residential Hospice						
Total	246	222	34			280
*Beds approved but not yet in service						
**Beds Exempted under 10% per 3 year provision						

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

- **Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. A vital part of that project plan is the demolition of the Crews building – where the psychiatric unit is housed - at the corner of Union Avenue and Bellevue Boulevard to improve circulation around the campus as well as increase the visibility of the main hospital entrance.**
- **This is a proposed transfer of psychiatric hospital beds within the Methodist Healthcare–Memphis Hospitals (“Methodist”) system in Shelby County, with no net increase of beds in the county. Methodist has a single license for all five of its Shelby County hospitals; its total licensed acute care bed complement of 1,593 beds will not change.**

- The project will add 34 licensed beds to Methodist North Hospital increasing licensed beds from 246 to 280. Simultaneously, Methodist will close 34 licensed beds at Methodist University Hospital decreasing licensed beds from 617 to 583.

Facility	Med-Surg	Psych	NICU	Total
Methodist University				
Current Complement	583	34	-	617
Proposed Change	-	<34>	-	<34>
Proposed Complement	583	-	-	583
Methodist North				
Current Complement	246	-	-	246
Proposed Change	-	+34	-	+34
Proposed Complement	246	34	-	280
Methodist South	150	-	6	156
Methodist Germantown*	295	-	24	319
Le Bonheur Children's*	195	-	60	255
Methodist Healthcare – Memphis Hospitals	1,459	34	90	1,593
*Note: Methodist Germantown recently opened 10 new med/surg beds approved and implemented beds under the new 10% bed regulations.				

- C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

Not Applicable. The applicant does not have outstanding CONs that have a licensed bed change component.

CON Number (s)	CON Expiration Date	Total Licensed Beds Approved

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: Not applicable.

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
Administration Offices					1,064	-	1,064				
Biomed					647	-	647				
Classroom					878	-	878				
Behavioral Health Unit					16,387	-	16,387				
Unit/Department GSF Sub-Total					18,976	-	18,976				
Other GSF Total					-	-	-				
Total GSF					18,976	-	18,976				
*Total Cost					\$1,384,375	-	\$1,384,375				
**Cost Per Square Foot					\$72.95	-	\$72.95				
<p align="center">Cost per Square Foot Is Within Which Range <i>(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)</i></p>					<input checked="" type="checkbox"/> Below 1 st Quartile	<input type="checkbox"/> Below 1 st Quartile	<input checked="" type="checkbox"/> Below 1 st Quartile				
					<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile	<input type="checkbox"/> Between 1 st and 2 nd Quartile				
					<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile	<input type="checkbox"/> Between 2 nd and 3 rd Quartile				
					<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Above 3 rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator

Not applicable. This project does not involve major medical equipment

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or:
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*:		<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished		<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
			<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*:		<input type="checkbox"/> By Purchase
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished		<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
			<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI		<input type="checkbox"/> By Purchase
	Total Cost*:		<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
<input type="checkbox"/> New	<input type="checkbox"/> Refurbished		<input type="checkbox"/> If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

Psychiatric Inpatient Criteria and Standards

1. **Determination of need:** The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is adolescents, the age group if 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general populations. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that support exceeding the guideline of 30 beds per 100,000 general populations. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

Not applicable, the applicant is not requesting new beds. Methodist proposes to relocate 34 existing psychiatric beds within the same hospital system, only 13.7 miles away. The psychiatric services will continue to serve the same community with the same resources. Methodist is committed to maintaining its high quality, cost efficient psychiatric unit with improved location and continued accessibility to established mental health services.

The bed need calculation for the primary service area, Shelby County, does not show a need for new beds for the adult and geriatric populations.

Current (2016) and Projected Year 1 (2020) Bed Need							
	Licensed Beds 2015	Current Population 2016	Projected Population 2020	Current Bed Need (30 beds / 100,000)	Projected Bed Need	Current Net Bed Need (Surplus)	Net Bed Need (Surplus)
Ages 18-64		583,558	593,476	175.1	178.0		
Ages 65+		117,101	566,550	35.1	40.6		
Total	530	700,659	728,710	210.2	218.6	(319.8)	(311.4)
Population Source: Projected Population http://www.tn.gov/health/article/statistics-population and report from License Beds: Includes adult and geriatric licensed beds TN Joint Annual Reports: Methodist 34, MMHI 55, Delta 109, St. Francis-Park 67 and Lakeside 265; Excludes adolescent beds							

2. **Additional Factors:** An applicant shall address the following factors.

Currently, Methodist University operates 34 beds. Methodist is not proposing to add beds in the service area, but instead simply relocate an established service.

- a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;
Methodist will continue to accept emergency involuntary and non-emergency indefinite admissions.
- b. The extent to which the applicant serves or proposes to server the TennCare population and the indigent population;
Methodist will continue to serve the indigent population and the TennCare population on a case by case basis. The majority of patients admitted to the Methodist psychiatric unit are Severely and Persistently Mentally Ill (SPMI) patients who are psychiatrically disabled adults with Medicare coverage.
- c. The number of beds designated as "specialty" beds (including united established to treat patient with specific diagnosis);
Methodist will continue to provide psychiatric services for SPMI patients who are psychiatrically disabled with Medicare coverage.
- d. The ability of the applicant to provide continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;
Methodist will continue to provide a continuum of care such as outpatient, intensive outpatient treatment, and partial hospitalization through Methodist services or through referrals to an established network of providers.
- e. Psychiatric units for patient with intellectual disabilities;
Intellectual disability is one of Methodist's exclusionary admission criteria. Methodist will continue to serve the chronic, SPMI patients.

- f. Free standing psychiatric facility transfer agreements with medical inpatient facilities.
Methodist is not a free standing facility. Methodist North is an acute care provider, and Methodist will continue to treat comorbid medical conditions for their psychiatric patients within the unit at Methodist North and/or within the Methodist Healthcare-Memphis Hospitals system. Transfer agreements are in place with all Methodist hospitals.
- g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and
Methodist will continue to provide inpatient psychiatric services to all adult populations.
- h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.
Methodist will continue treatment programs and staffing patterns that align with the treatment needs and expected lengths of stay. The applicant maintains flexible staffing dependent upon volume of admissions.
- i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.
Methodist is not contracted by the TDMHSAS to provide such services.
- j. Special consideration shall be given to a service that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.
Alliance Healthcare Services provides a crisis stabilization unit in the Shelby County service area.

3. **Incidence and Prevalence:** The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

According to the TDMHSAS, Shelby County (Region 7) is the second highest region in the State of Tennessee for psychiatric admissions to a TDMHSAS funded substance abuse treatment center. Shelby County accounts for over 15%, or over 2,000 admissions annually, from 2013 to 2015 of total Tennessee admissions.

Table 10. Admissions by region

TDMHSAS Planning and Policy Region	Tennessee	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	N/A
FY13	13,765	1,783	2,911	1,690	1,457	1,909	1,617	2,351	47
	100%	12.95%	21.15%	12.28%	10.58%	13.87%	11.75%	17.08%	0.34%
FY14	13,918	1,895	2,804	1,815	1,589	1,866	1,778	2,165	6
	100%	13.62%	20.15%	13.04%	11.42%	13.41%	12.77%	15.56%	0.04%
FY15	13,702	2,036	2,542	1,817	1,831	1,681	1,712	2,075	8
	100%	14.86%	18.55%	13.26%	13.36%	12.27%	12.49%	15.14%	0.06%

Top 25% Bottom 25%

*Shelby County is represented by region 7 (TDMHSAS)

4. **Planning Horizon:** The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

The applicant proposes to continue established services and the operation of 34 adult psychiatric beds as shown in the first two years of operation in the newly proposed relocation.

Methodist Psychiatric Unit – Historical and Projected Utilization/Occupancy						
	2014	2015	2016		2020	2021
Discharges	441	388	370		337	375
Days	8,467	7,791	7,336		6,640	7,388
Average Daily Census	23.20	21.35	20.04		18.19	20.24
Occupancy Rate	68%	63%	59%		54%	60%

5. **Establishment of Service Area:** The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

Not applicable. Methodist is relocating existing services with an established service area.

Currently, Shelby County is the primary service area for the Methodist psychiatric inpatient services. The relocation of the inpatient unit from Methodist University to Methodist North will not impact the service area. Methodist will continue to serve the Shelby County community as we have for over 40 years. Over 85% of inpatient admissions originate from Shelby County. The proposed location is conveniently located on Covington Pike, a major thoroughfare in Shelby County, and it is easily accessible to patients traveling by car, public transportation or ambulance.

	Historical Utilization- County Residents	% of total procedures
Shelby County	313	85%
Other TN Counties	24	6%
Other AR Counties	14	4%
Other MS Counties	11	3%
Other States	9	2%
Total	370	100%

6. **Composition of Services:** Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

The composition of services will not change. Methodist proposes to relocate existing psychiatric beds, services and resources to the Methodist North Hospital campus.

The majority of patients admitted to the Methodist psychiatric unit are Severely and Persistently Mentally Ill (SPMI) patients who are psychiatrically disabled adults with Medicare coverage. Methodist will continue to serve chronic, SPMI patients in this unit with onsite acute medical services to treat comorbid medical conditions. Projections show the composition of the population and mix of populations served will change.

7. **Patient Age Categorization:** Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

Methodist currently serves the 18+ age demographic and is committed to continue serving this age demographic in the new location at Methodist North's campus. The majority of the patients admitted to the inpatient unit have Medicare coverage due to psychiatric disabilities. Over 95% of current admissions to the psychiatric unit at Methodist are Medicare patients, yet less than 15% of patients admitted to Methodist are 65 years old or older. Treatment programs are well established in the 40+ year old

program to stabilize the chronically ill patient base that present with exacerbated symptoms due to non-compliance with outpatient treatment plans.

- 8. Service to High-Need Populations:** Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The Methodist psychiatric unit currently serves the involuntarily committed, uninsured, or low-income and will continue to do so after the proposed relocation.

- 9. Relationship to Existing Applicable Plans; Underserves Area and Populations:** The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

There will be little to no impact on existing plans. These beds are already in existence, and will simply be moved from Methodist University Hospital to Methodist North Hospital so that these services can be continued throughout the Shelby County service area. Methodist serves the adult SPMI patient population which is a large Medicare psychiatrically disabled population. The patients that Methodist serves also tend to be noncompliant and are admitted on both a voluntary and non-voluntary basis. The applicant also cares for chronic and acute patients with comorbid medical condition that require a longer time to stabilize.

The applicant treats TennCare patients on a case by case basis, and will continue to meet the medical and psychiatric needs of the TennCare population.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

Methodist is proposing to relocate established services with the same resources, composition of services and mix of populations. There is no projected or intended impact to other existing providers. The relocation is driven by modernization plans at the Methodist University Hospital campus.

The service area contains other adult psychiatric inpatient facilities including Memphis Mental Health Institute (MMHI), Delta Medical Center, St. Francis Hospital – Park and Lakeside Behavioral Health System as well as a new facility in east Shelby, Crestwyn Behavioral Health Hospital.

Crestwyn Behavioral Health Hospital opened in April 2015 transferring 60 beds from two existing Shelby County facilities (Delta 20 beds and St. Francis 40 beds) with no net bed increase in the service area. There is no Joint Annual report published yet for this facility and is therefore not included in reported market statistics.

Four of the Shelby County facilities reported 590 licensed psychiatric beds between 2013 and 2015 with overall average occupancy of 67%, 64% and 71% respectively.

Facility	Licensed Beds	Discharges			Days			Occupancy %		
		2013	2014	2015	2013	2014	2015	2013	2014	2015
MMHI	55	1,213	1,565	1,547	18,207	18,877	17,299	90.7%	84.1%	86.2%
Delta **	109	2,116	2,873	2,875	30,897	37,501	38,741	77.7%	94.3%	92.3%
St Francis	102	1,875	1,384	1,502	15,847	11,502	13,825	42.6%	30.9%	37.1%
Lakeside	290	6,941	6,275	7,887	71,143	82,428	77,092	67.2%	59.0%	72.8%
Total	590	12,670	12,538	14,199	145,240	138,773	152,748	67.4%	63.5%	70.9%

Source: Joint Annual Reports 2013-2015 yet Lakeside did not report 2015 Schedule H therefore Schedule G utilization for MDC 19 used as estimate

10. **Expansion of Established Facility:** Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

Not applicable. This project does not expand services or add beds.

11. **Licensure and Quality Considerations:** Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LGBT population).

The applicant is in compliance with the appropriate rules of the TDH and/or the TDMHSAS. Further licensure documentation is attached. The applicant proposes a dedicated men's and women's wing to ensure appropriate accommodations by gender. The applicant does not discriminate against different cultures or populations of people. The applicant maintains that they have a multi-diverse staff that aligns with the community.

- 12. Institution for Mental Disease Classification:** It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

Not applicable as Methodist is not an Institution for Mental Disease, but will serve TennCare patients on a case by case basis for those that present to the Methodist unit in need of medical attention.

- 13. Continuum of Care:** Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is essential, whether prior to admission or during admission, that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

The relocated psychiatric unit will be on the Methodist North Hospital campus which provides treatment acute medical care for any physical disorder in need of immediate medical attention prior to admission to the psychiatric unit or during the stay. The admitting facility will be able to appropriately provide any medical care needed.

Through Methodist's expansive referral network, the continuum of care for these patients will provide the most conducive environment for these patients to thrive. Methodist currently plays an active role in the psychiatric continuum of care in the service area and has positive relationships with referral sources. Most of the applicant's patients arrive during crisis by ambulance and approximately 50% of admissions are direct referrals from the Crisis Assessment Center. The other half of the patients generally come through other Methodist Emergency Departments or are direct referrals from physician clinics. If the relocation is approved, Methodist's referral sources will re-direct ambulances and patients to the Methodist North campus with planned minimal disruption to the admission process.

- 14. Data Usage:** The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

The TDH and the TDMHSAS data are the data sources utilized.

- 15. Adequate Staffing:** An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project. However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

Methodist plans on relocating all staff with these beds and services to the proposed location. The project includes a total of 27.91 employees in the project's first full calendar year of operation. The clinical / direct patient care staff for this project are currently employed by Methodist with the staffing patterns as noted below. There will be no changes to staffing patterns with this project. Methodist utilizes flexible staffing model based on the psychiatric unit's census as shown below with 12-hour RN shifts.

Number of Physicians			
Specialty	Full Time	Part Time	Consulting
Psychiatry	2	2	
Neurology			1
Internal Medicine	1		

Number of Nursing Personnel			
Shift	RN	Aides	Other
Day	5 (12 hour shift)	2	4
Evening	1	4	
Night	3 (12 hour shift)	1	

RN Duty Roster			
Shift	SUN	MON - FRI	SAT
Day (12 hour shift)	3	5	3
Evening		1	
Night (12 hour shift)	3	3	3

- 16. Community Linkage Plan:** The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for

psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

The applicant is not adding services and will continue working agreements and relationships that are already present.

17. **Access:** The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

The applicant has the ability and the willingness to serve equally all patients related to this application. Methodist is committed to continue to serve the patient population as they have for over 40 years.

18. **Quality Control and Monitoring:** The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

The applicant provides a quality improvement program that includes outcomes and process monitoring systems and currently reports all quality metrics to DNV. The applicant is engaged in reporting this data on an ongoing and regular basis.

19. **Data Requirements:** Applicants shall agree to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide the TDH, the TDMHSAS, and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

Methodist has been operating the psychiatric inpatient unit for 44 years and is committed to continue to operate the 34-bed unit in Memphis, Tennessee to provide high quality, cost effective services to the greater Shelby County service area. Methodist Healthcare – Memphis Hospitals is the only hospital system in the county that maintains hospital locations in all four quadrants of the county. The applicant plans to continue to invest in

Shelby County from all angles so that every community member has access to the full continuum of healthcare services they need.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable.

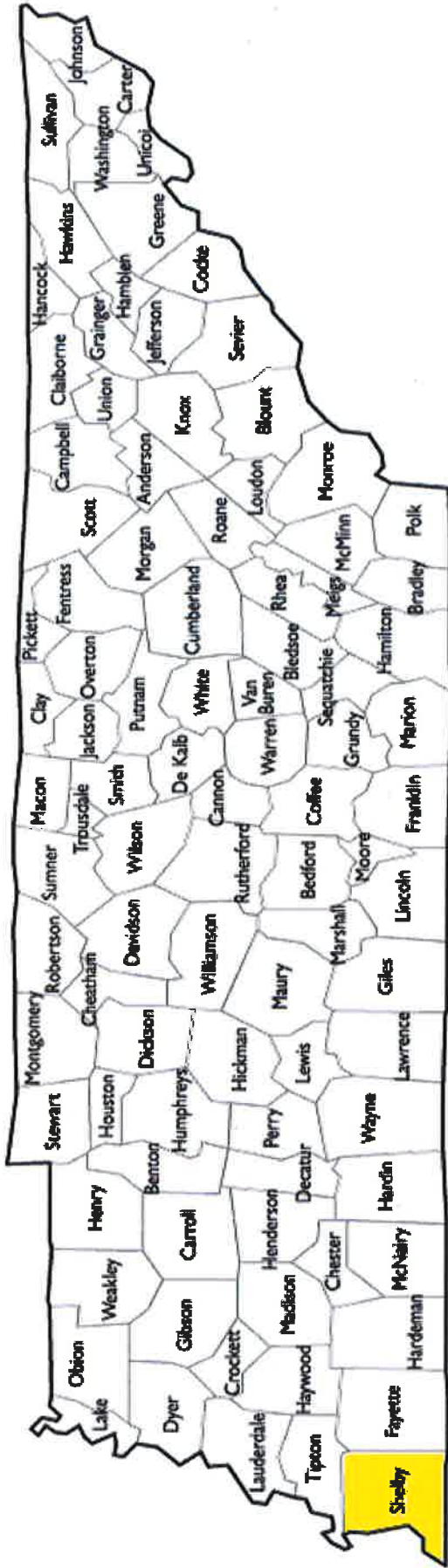
Currently, Shelby County is the primary service area for the Methodist psychiatric inpatient services. The relocation of the inpatient unit from Methodist University to Methodist North will not impact the service area. Methodist will continue to serve the Shelby County community as we have for over 40 years. Over 85% of inpatient admissions originate from Shelby County.

Please complete the following tables, if applicable:

	Historical Utilization- County Residents	% of total procedures
Shelby County	313	85%
Other TN Counties	24	6%
Other AR Counties	14	4%
Other MS Counties	11	3%
Other States	9	2%
Total	370	100%

Service Area Counties	Projected Utilization- County Residents	% of total procedures
Shelby County	285	85%
Other TN Counties	22	6%
Other AR Counties	13	4%
Other MS Counties	10	3%
Other States	8	2%
Total	337	100%

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year (2017)	Total Population- Projected Year (2021)	Total Population-% Change	*Target Population (18+) - Current Year (2017)	*Target Population (18+) - Projected Year (2021)	*Target Population (18+) - % Change	*Target Population (18+) - Projected Year as % of Total	Median Age (2010)	Median Household Income (2015)	Person Below Poverty Level (2015)	Person Below Poverty Level as % of Total (2015)	TennCare Enrollees	TennCare Enrollees as % of Total Population
Shelby County	964,804	986,423	2.24%	716,092	732,768	2.33%	74.29%	34.6	46,224	196,471	20.60%	281,655	29.19%
Service Area Total	964,804	986,423	2.24%	716,092	732,768	2.33%	74.29%	34.6	46,224	196,471	20.60%	281,655	29.19%
State of TN Total	6,887,572	7,179,512	4.24%	5,114,657	5,555,185	8.61%	74.38%	38.0	45,219	1,117,594	16.59%	1,559,209	22.63%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The applicant intends to focus on the psychiatric and medical needs of low-income, Medicare, and self-pay patients. Shelby County's population is made up of approximately 55% minorities; approximately 27% people aged 55+ and approximately 51% female. Methodist aims to serve any and all special needs of the proposed service area. Methodist serves the adult SPMI patient population which is a large Medicare psychiatrically disabled population. The patients that Methodist serves also tend to be noncompliant and are admitted on both a voluntary and non-voluntary basis. The applicant also cares for chronic and acute patients with comorbid medical condition that require a longer time to stabilize.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply

to projects that are solely relocating a service.

Not Applicable. There are no existing and approved unimplemented services of similar healthcare providers in the service area that the applicant is aware of at this time.

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Methodist Healthcare-Memphis Hospitals Psychiatry Utilization and Occupancy						
	2014	2015	2016		2020	2021
Discharges	441	388	370		337	375
Days	8467	7791	7336		6640	7388
Average Daily Census	23.20	21.35	20.04		18.19	20.24
Occupancy Rate	68%	63%	59%		54%	60%

Assumptions for Year 1

- 10% Utilization reduction in Year 1 due to slight disruption relocating unit.

Assumptions for Year 2

- 11% Utilization rebound in Year 2 as services stabilize and continue existing referral patterns and admission processes.

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

The CON filing fee calculated from Line D of the Project Costs Chart is \$15,000; therefore a check for this amount accompanies the application.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Not applicable. This project does not include any leases.

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Not applicable. This project does not include any fixed or moveable equipment.

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

Please see referenced charts for consistent documentation of Construction Costs.

- 5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

A letter from the architect follows as Attachment B: Economic Feasibility A5.

- a) A general description of the project;
- b) An estimate of the cost to construct the project;
- c) A description of the status of the site's suitability for the proposed project; and
- d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority

PROJECT COST CHART

A.	Construction and equipment acquired by purchase	
1.	Architectural and Engineering Fees	\$140,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$10,000
3.	Acquisition of Site	-
4.	Preparation of Site	
5.	Total Construction Costs	\$1,384,375
6.	Contingency Fund	\$221,500
7.	Fixed Equipment (Not included in Construction Contract)	-
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments – not applicable)	\$250,000
9.	Other (Specify) Technology, furniture and escalation estimates	\$274,125
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify) _____	
5.	Other (Specify) _____	
C.	Financing Costs and Fees:	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)	\$2,280,000
E.	CON Filing Fee	\$15,000
F.	Total Estimated Project Cost (D+E)	\$2,295,000
	TOTAL	\$2,295,000

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☐ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

Methodist Healthcare is prepared to fund the project cost with cash reserves. See the attached letter from the Chief Financial Officer. Attachment C: Economic Feasibility B6

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

HISTORICAL DATA CHART

X Total Facility

□ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

In 000's	Year 2014	Year 2015	Year 2016
A. Utilization Data (Discharges)	10,803	10,688	10,068
B. Revenue from Services to Patients			
1. Inpatient Services	\$392,112	\$401,124	\$401,736
2. Outpatient Services	235,895	251,823	290,542
3. Emergency Services	73,366	64,819	62,005
4. Other Operating (Specify):	728	836	838
Gross Operating Revenue	\$702,101	\$718,601	\$755,121
C. Deductions form Gross Operating Revenue			
1. Contractual	451,981	471,836	499,336
2. Provision for Charity	75,419	71,160	72,099
3. Provision for Bad Debt	23,559	24,221	24,276
Total Deductions	\$550,959	\$567,218	\$595,710
NET OPERATING REVENUE	\$151,142	\$151,384	\$159,411
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$39,435	\$39,348	\$41,514
b. Non-Patient Care	17,816	18,116	19,515
2. Physician's Salaries	204	170	227
3. Supplies	27,455	27,520	27,282
4. Rent			
a. Paid to Affiliates	(429)	(484)	(530)
b. Paid to Non-Affiliates	462	351	301
5. Management Fees			
a. Paid to Affiliates	558	583	576
b. Paid to Non-Affiliates			
6. Other Operating	29,830	31,180	34,146
Total Operating Expenses	\$115,331	\$116,784	\$123,032
E. Earnings Before Interest, Taxes and Depreciation	\$35,811	\$34,600	\$36,379
F. Non-Operating Expenses			
1. Taxes	\$162	\$196	\$186
2. Depreciation	6,633	7,188	7,616
3. Interest	149	88	11
4. Other Non-Operating	16,524	\$16,828	\$19,024
Total Non-Operating Expenses	\$23,468	\$24,300	\$26,836
NET INCOME (LOSS)	\$12,343	\$10,300	\$9,543
Chart Continues Onto Next Page			

NET INCOME (LOSS)		\$ <u>12,343</u>	\$ <u>10,300</u>	\$ <u>9,543</u>
G.	Other Deductions			
1.	Annual Principal Debt Repayment	\$	\$	\$
2.	Annual Capital Expenditure			
	Total Other Deductions	\$	\$	\$
	NET BALANCE	\$ <u>12,343</u>	\$10,300	\$ <u>9,543</u>
	DEPRECIATION	\$ <u>6,633</u>	\$ <u>7,188</u>	\$ <u>7,616</u>
	FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>18,976</u>	\$ <u>17,488</u>	\$ <u>17,158</u>

X Total Facility
☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u> <u>In 000's</u>		<u>Year 2014</u>	<u>Year 2015</u>	<u>Year 2016</u>
1.	Benefits	\$14,525	\$14,933	\$14,936
2.	Contract Labor	104	202	2,445
3.	Repairs and Maintenance	2,505	2,845	2,817
4.	Professional Fees	207	356	264
5.	Contract Services	5,502	5,950	6,378
6.	Accounting Legal & Consulting	342	268	277
7.	Advertising	15		
8.	Dues and Subscriptions	33	63	62
9.	Education/Travel	120	127	171
10.	Utilities	1,611	1,593	1,631
11.	Insurance	894	774	1,051
12.	Food Services	1	2	1
13.	Laundry Services	642	678	652
14.	Print Shop	65	66	68
15.	Telephone	173	183	192
16.	Transcription	616	592	603
17.	Admin Cost Transfer and Allocation	1,361	1,368	1,365
18.	Associate Recruitment	52	28	249
19.	License/Accreditations Fees	44	72	55
20.	Minority Interest	376	424	344
21.	Misc Other	644	656	584
	Total Other Expenses	\$29,830	\$31,180	\$34,146

HISTORICAL DATA CHART

Behavioral Health Unit

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January _____ (Month).

In 000's	Year 2014	Year 2015	Year 2016
A. Utilization Data	441	392	375
B. Revenue from Services to Patients			
1. Inpatient Services	\$11,053	\$10,408	\$10,297
2. Outpatient Services			
3. Emergency Services			
4. Other Operating (Specify): _____			
Gross Operating Revenue	\$11,053	\$10,408	\$10,297
C. Deductions form Gross Operating Revenue			
1. Contractual	\$6,979	\$5,222	\$5,014
2. Provision for Charity	710	478	425
3. Provision for Bad Debt	288	212	176
Total Deductions	\$7,977	\$5,912	\$5,615
NET OPERATING REVENUE	\$3,076	\$4,497	\$4,682
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$1,849	\$1,735	\$1,707
b. Non-Patient Care	315	314	313
2. Physician's Salaries	33	33	33
3. Supplies	137	111	107
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
5. Management Fees			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
6. Other Operating	1,208	1,186	1,302
Total Operating Expenses	\$3,541	\$3,378	\$3,462
E. Earnings Before Interest, Taxes and Depreciation	\$(465)	\$1,118	\$1,220
F. Non-Operating Expenses			
1. Taxes			
2. Depreciation	19	21	14
3. Interest			
4. Other Non-Operating			
Total Non-Operating Expenses	\$19	\$21	\$14
NET INCOME (LOSS)	\$(484)	\$1,098	\$1,206
Chart Continues Onto Next Page			

NET INCOME (LOSS)	\$ (484)	\$ 1,098	\$ 1,206
G. Other Deductions			
1. Annual Principal Debt Repayment	\$	\$	\$
2. Annual Capital Expenditure			
Total Other Deductions	\$	\$	\$
NET BALANCE	\$ (484)	\$ 1,098	\$ 1,206
DEPRECIATION	\$ 19	\$ 21	\$ 14
FREE CASH FLOW (Net Balance + Depreciation)	\$ (465)	\$ 1,118	\$ 1,220

☐ Total Facility

☒ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u> <u>In 000's</u>		<u>Year 2014</u>	<u>Year 2015</u>	<u>Year 2016</u>
1.	Benefits	\$760	\$720	\$710
2.	Contract Labor	30	31	40
3.	Repairs and Maintenance	51	53	68
4.	Professional Fees	122	127	162
5.	Contract Services	155	161	205
6.	Utilities	31	33	42
7.	Insurance	26	28	35
8.	Laundry Services	8	9	11
9.	Print Shop	2	2	2
10.	Telephone	6	6	8
11.	Contributions	9	10	13
12.	License/Accreditations Fees	1	1	2
13.	Postage/Freight	4	4	6
	Total Other Expenses	\$1,208	\$1,186	\$1,302

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

PROJECTED DATA CHART

X Total Facility
☐ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

In 000's	Year 2020	Year 2021
A. Utilization Data Discharges	10,400	10,438
B. Revenue from Services to Patients		
1. Inpatient Services	\$482,309	\$502,791
2. Outpatient Services	315,002	330,816
3. Emergency Services	110,676	116,233
4. Other Operating (Specify):	839	847
Gross Operating Revenue	\$ 908,825	\$ 950,685
C. Deductions form Gross Operating Revenue		
1. Contractual	\$621,490	\$654,135
2. Provision for Charity	85,143	88,980
3. Provision for Bad Debt	28,580	29,772
Total Deductions	\$735,213	\$772,887
NET OPERATING REVENUE	\$173,613	\$177,798
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$46,679	\$48,109
b. Non-Patient Care	21,520	22,085
2. Physician's Salaries and Wages	279	286
3. Supplies	31,388	32,426
4. Rent		
a. Paid to Affiliates	(519)	(517)
b. Paid to Non-Affiliates	295	294
5. Management Fees		
a. Paid to Affiliates	444	447
b. Paid to Non-Affiliates		
6. Other Operating	36,775	37,518
Total Operating Expenses	\$136,861	\$140,648
E. Earnings Before Interest, Taxes and Depreciation	\$36,752	\$37,150
F. Non-Operating Expenses		
1. Taxes	\$197	\$197
2. Depreciation	10,400	10,860
3. Interest	(283)	(283)
4. Other Non-Operating	21,356	22,163
Total Non-Operating Expenses	\$31,670	\$32,937
NET INCOME (LOSS)	\$5,082	\$4,213
Chart Continues Onto Next Page		

NET INCOME (LOSS)	\$ <u>5,082</u>	\$ <u>4,213</u>
G. Other Deductions		
1. Annual Principal Debt Repayment	\$	\$
2. Annual Capital Expenditure		
Total Other Deductions	\$	\$
NET BALANCE	\$ <u>5,082</u>	\$ <u>4,213</u>
DEPRECIATION	\$ <u>10,400</u>	\$ <u>10,860</u>
FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>15,482</u>	\$ <u>15,072</u>

☒ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u> <u>In 000's</u>		<u>Year 2020</u>	<u>Year 2021</u>
1.	Benefits	\$15,707	\$16,196
2.	Contract Labor	2,803	2,885
3.	Repairs and Maintenance	3,093	3,109
4.	Professional Fees	601	636
5.	Contract Services	7,577	7,645
6.	Accounting Legal & Consulting	219	220
7.	Advertising		
8.	Dues and Subscriptions	45	45
9.	Education/Travel	108	108
10.	Utilities	1,784	1,793
11.	Insurance	1,165	1,173
12.	Food Services	1	1
13.	Laundry Services	638	646
14.	Print Shop	68	69
15.	Telephone	192	195
16.	Transcription	580	585
17.	Admin Cost Transfer and Allocation	1,315	1,326
18.	Associate Recruitment	240	242
19.	License/Accreditations Fees	54	55
20.	Minority Interest	5	(1)
21.	Contributions	11	14
22.	Misc Other	568	574
	Total Other Expenses	\$36,775	\$37,518

PROJECTED DATA CHART

Behavioral Health Unit

Give information for the last 2 years for which complete data are available for the facility or agency. The fiscal year begins in January _____ (Month).

In 000's	Year 2020	Year 2021
A. Utilization Data Discharges	337	375
B. Revenue from Services to Patients		
1. Inpatient Services	\$10,735	\$12,423
2. Outpatient Services		
3. Emergency Services		
4. Other Operating (Specify): _____		
Gross Operating Revenue	\$10,735	\$12,423
C. Deductions form Gross Operating Revenue		
1. Contractual	\$5,771	\$6,840
2. Provision for Charity	490	580
3. Provision for Bad Debt	203	241
Total Deductions	\$6,464	\$7,661
NET OPERATING REVENUE	\$4,271	\$4,762
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$1,580	\$1,811
b. Non-Patient Care	319	322
2. Physician's Salaries	33	33
3. Supplies	98	112
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
6. Other Operating	1,207	1,417
Total Operating Expenses	\$3,238	\$3,695
E. Earnings Before Interest, Taxes and Depreciation	\$1,032	\$1,066
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	241	239
3. Interest	91	91
4. Other Non-Operating		
Total Non-Operating Expenses	\$332	\$330
NET INCOME (LOSS)	\$700	\$736
Chart Continues Onto Next Page		

NET INCOME (LOSS)	\$ 700	\$ 736
G. Other Deductions		
1. Annual Principal Debt Repayment	\$	\$
2. Annual Capital Expenditure		
Total Other Deductions	\$	\$
NET BALANCE	\$ 700	\$ 736
DEPRECIATION	\$241	\$ 239
FREE CASH FLOW (Net Balance + Depreciation)	\$ 941	\$ 975

☐ Total Facility
☒ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u> <u>In 000's</u>		Year 2020	Year 2021
1.	Benefits	\$667	\$749
2.	Contract Labor	36	45
3.	Repairs and Maintenance	62	76
4.	Professional Fees	148	183
5.	Contract Services	187	231
6.	Utilities	38	47
7.	Insurance	32	39
8.	Laundry Services	10	12
9.	Print Shop	2	3
10.	Telephone	7	9
11.	Contributions	11	14
12.	License/Accreditations Fees	2	2
13.	Misc other	5	6
	Total Other Expenses	\$1,207	\$1,417

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	\$26,552	\$27,460	\$31,853	\$33,127	21%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	\$15,081	\$14,974	\$19,181	\$20,430	36%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	\$11,471	\$12,485	\$12,673	\$12,698	2%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

There will be no change to the existing charge structure as a result of this project, yet there will be normal unrelated rate increases over the next several years. The historical and proposed charges per discharge are shown in the table above which projects minimal increase in net operating revenue over the five year period. See the current room and bed charges below.

Charge/Procedure	Current Rate
ROOM AND BED	
PSYCH PRIVATE R&B	\$ 1,147
PSYCH SEMI-PRIVATE R&B	\$ 1,117

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Based upon the review, the proposed gross and net revenue per discharge are reasonable and comparable to other Tennessee facilities. There will be no impact to the charge structure due to this project. The table below shows the comparison of charges/revenue based on recently approved Certificates of Need for Psychiatric facilities.

Facility/CON	CON	Project Year	Gross Oper Rev per Discharge	Net Oper Rev per Discharge
Methodist North Hospital	Proposed project	2020	\$31,853	\$12,673
Crestwyn Behavioral Health	CN1310-040	2015	\$13,804	\$7,799
TriStar Maury Regional Behavioral Health	CN1610-036	2018	\$36,831	\$8,266
Parkridge West Hospital	CN1611-039	2018	\$28,748	\$3,603

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

All cash is held at the corporate level, see the attached Methodist Le Bonheur Healthcare December 2016 Balance Sheet (Attachment B: Economic Feasibility F1) for the financial viability of the health system. The projections in this application show the Hospital and Psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020). Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	-0.15	0.25	0.26	0.24	0.22

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

The Capitalization Ratio for MLH 2016 Audited Financial Statements is 0.26.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$10,367,781	96.6%
TennCare/Medicaid	33,209	0.3%
Commercial/Other Managed Care	20,529	0.2%
Self-Pay	-	-
Charity Care	-	-
VA	312,992	2.9%
Total	\$10,734,510	100.0%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2016)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
<i>Activity Coordinator</i>	0.6	0.5	\$20.92	\$20.92
<i>Mental Health Counselor</i>	1.0	1.0	\$27.99	\$22.18
<i>Mental Health Technician</i>	10.8	8.0	\$15.70	\$14.32
<i>Patient Care Coord/ Variable</i>	1.1	1.0	\$38.28	\$46.96
<i>RN</i>	11.2	10.0	\$31.83	\$30.86
Total Direct Patient Care Positions	24.7	20.5		
Position Classification	Existing FTEs (2016)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage*
b) Non-Patient Care Positions				
<i>Case Manager</i>	1.5	1.0	\$26.62	\$33.40
<i>Security</i>	4.2	4.2	\$14.22	\$13.13
<i>Maintenance</i>	2.2	2.2	\$17.23	\$17.34
Total Non-Patient Care Positions	7.9	7.4		
Total Employees (A+B)	32.6	27.9		
c) Contractual Staff	-	-		
Total Staff (a+b+c)	32.6	27.9		

*US Bureau of Labor Statistics

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.
 - The unit is currently housed on the 8th Floor of Crews Wing at Methodist University Hospital which is scheduled for demolition summer 2019. Since Methodist is committed to maintaining psychiatric inpatient services for the community, new locations were considered. The possibilities were narrowed to the Methodist University campus in Thomas Wing, and the Methodist North campus.
 - This project was the more cost effective location and less disruptive option for the relocation. The proposed location is attached to the main hospital but contained as singular space; it has a covered entrance and close parking. The building is isolated from the rest of the general hospital with a separate entrance. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and security. Renovations on the North campus were less extensive since it is a separate space.
 - While it is separate, it is adjacent to the hospital with close proximity to support services such as environmental services, security and food and nutrition.
 - The proposed location provides more square footage for the service line adding more expansive group therapy and activities space and a larger environment of care.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

There is no new construction. The building on the North campus will be renovated with new finishes and fixtures including architectural features to reduce ligature risk and prevent patients from harming themselves. Renovations are minimal.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.
- **The Methodist Healthcare-Memphis Hospitals' license includes five hospitals-**
 - **Methodist University Hospital**
 - **Methodist South Hospital**
 - **Methodist North Hospital**
 - **Methodist Le Bonheur Germantown Hospital**
 - **Le Bonheur Children's Hospital**
 - **Additionally, Methodist Healthcare-Memphis Hospitals owns and operates Methodist Alliance Services, a comprehensive home care company, and a wide array of other ambulatory services such as urgent care centers and ambulatory surgery centers.**
 - **Methodist Healthcare is part of the University Medical Center Alliance which also includes the University of Tennessee and the Memphis Regional Medical Center (The Med). The goal of this council is to support the quality of care, patient safety and efficiency across all three institutions.**
 - **There are also agreements with the Mid-South Tissue Bank, the Mid-South Transplant Foundation, and PhyAmerica.**
 - **Methodist Healthcare has working relationships with the following physician groups:**
 - **The West Clinic**
 - **UT Medical Group, Inc.**
 - **UT Le Bonheur Pediatric Specialists**
 - **Campbell Clinic Orthopaedics**
 - **Pediatric Anesthesiologists PA**
 - **Pediatric Emergency Specialists PC**
 - **Semmes-Murphey Neurologic and Spine Institute**
 - **Methodist Primary and Specialty Care Groups**
- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

The proposed project will have a positive impact on the Shelby County health care community. The project is the relocation of established psychiatric services and affirms Methodist's commitment to continue to provide psychiatric services in the service area in a larger, newly renovated space.

2) Negative Effects

The project will not negatively affect any providers in the service area. These are existing Methodist beds which will be relocated within the same hospital system less than 14 miles away.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Currently, Methodist's psychiatric beds are located and operated at Methodist University Hospital. With this proposed relocation not only would the beds be relocated, but all the clinical leadership, professional staff, and accessibility to human resources would be relocated as well.

The applicant projects a total of 27.91 associated in the project's first full calendar year of operation. All current staff will be relocated along with the beds and service to the proposed location. FTEs are not added with this project.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant so verifies. Methodist North Hospital reviewed and meets all the State requirements for physician supervision, credentialing, admission privileges, and quality assurance policies and programs, utilization review policies and programs, record keeping and staff education.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Methodist Healthcare has clinical affiliation agreements with multiple colleges including twenty for nursing, thirty for rehabilitation service professionals (physical therapy, speech therapy, and audiology), three for pharmacy, and almost twenty for other allied health professionals including paramedics, laboratory, respiratory therapy, radiation therapy technicians.

Methodist participates very heavily in the training of students from various medical disciplines. Since relationships exist with most of the schools in Memphis, most of the students have also been trained academically in this region. The three primary disciplines that participate in the training of students at Methodist are medicine, nursing and psychosocial services.

In the area of medicine, there are many different specialties represented in the interns and residents who train at Methodist – there are more than twenty different specialties. Likewise, since there are several nursing schools in the area, Methodist is very active in the training of future nurses. These nurses come from several types of programs, which include Bachelor's Degrees, Associate Degrees, Licensed Practical Nurse programs and Diploma programs. Methodist participates in training of students from the following schools:

**Methodist Healthcare
University of Tennessee
University of Memphis
Northwest Mississippi Jr. College**

**Baptist Health System
Regional Medical Center
Southwest Tennessee Community College
Tennessee Centers of Technology**

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: State of Tennessee Hospital Licensure Survey in 2008 (see Attachment Orderly Development D for current license and Licensure Survey)

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare Hospital

Accreditation (i.e., Joint Commission, CARF, etc.): DNV GL-Healthcare

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.
 - **Full accreditation by DNV-GL Healthcare; Effective: 2/27/2017 – 2/27/2020 (see Attachment Orderly Development D1 for accreditation letter and certificate)**
- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.
 - **See Attachment Orderly Development D1 for accreditation letter and certificate**
- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

In March 2016 we received a notice of 23-day termination proceedings related to inappropriate use of force by a security officer at Methodist North Hospital. The hospital's Plan of Correction was accepted by CMS, and the follow-up survey on 4/5/2016 determined we were in full compliance with the Medicare Conditions of Participation (see Attachment Orderly Development D2 for CMS Letter of Compliance).

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Under the leadership of a newly appointed system director of Environmental Health and Security, the hospital instituted an ongoing QAPI program for the Security Department. In addition, policies and procedures, training and competency for security officers were standardized.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

There is no person (s) or entity with more than 5% ownership (direct or indirect) in the applicant.

- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

There is no entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

There is no physician or other provider of health care, or administrator employed

by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

There is no Final Order or Judgment in a state licensure action.

b) Criminal fines in cases involving a Federal or State health care offense;

There are no criminal fines in cases involving a Federal or State health care offense.

c) Civil monetary penalties in cases involving a Federal or State health care offense;

There are no civil monetary penalties in cases involving a Federal or State health care offense.

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

There are no administrative monetary penalties in cases involving a Federal or State health care offense.

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

There is no agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services.

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

There is no Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

There is presently no subject of/to an investigation, regulatory action, or party in any civil or criminal action of which we are aware.

h) Is presently subject to a corporate integrity agreement.

The applicant is not presently subject to a corporate integrity agreement.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
CN1503- 008	MH- South ED Expansion and Renovation	6/24/2015	7/2017	7/13/2017	8/1/2018
CN-1602-009	MH- University Onsite Replacement and Modernization of Hospital Campus	5/25/2016	8/2017	7/13/2017	7/1/2020

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

- **CN1503- 008 (MH- South ED Expansion and Renovation) was scheduled in four phases: Phase 1: Helipad relocation; Phase 2: New construction of expanded ED; and Phase 3 & 4: Phased renovation of existing ED. All Phases are 100% complete. The hospital is working with the State of Tennessee for final approval this month. The project will be complete August 2017. The project is within the proposed budget.**
- **CN-1602-009 (MH- University Onsite Replacement and Modernization of Hospital Campus) is scheduled in two phases: 1) Renovation of existing hospital and 2) Construction of new tower. The design for the project is 100% complete. The project is on schedule and within proposed budget. The overall completion date for the entire project is December 2019.**

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? 3/30/2017
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? 3/30/2017

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant will annually report continued need and appropriate quality measures as the Agency sees fit.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
This project involves relocating already existing licensed beds in the same county within the same hospital system. Methodist has improved the health of the community with these beds for over 40 years and wants to continue to do so.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
By relocating these beds, Methodist will be able to utilize a space that is attached to our facility but is contained as a singular space. There is a covered entrance and close parking as well as easy access for support services such as EVS, Security, Food and Nutrition. The unit will continue to be connected to a general hospital to serve additional medical needs. Methodist also has a strong referral network that is able to connect patients to other providers so that they can achieve optimal health and continued care.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
Methodist continues to encourage economic efficiencies with the patients that they current see and will continue to do so if this application is approved. This project was the more cost effective location and less disruptive option for the relocation. The

proposed location is attached to the main hospital but contained as singular space. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and security. Renovations on the North campus were less extensive since it is a separate space.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

The applicant's 34 psychiatric beds have been in operation for over 40 years. The longevity of this unit and program is evidence that this facility provides high quality healthcare and its standards are monitored on an ongoing basis. The applicant provides a quality improvement program that includes outcomes and process monitoring systems and currently reports all quality metrics to DNV. The applicant is engaged in reporting this data on an ongoing and regular basis.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Methodist Healthcare has clinical affiliation agreements with multiple colleges including twenty-three for nursing, thirty for rehabilitation service professionals (physical therapy, speech therapy, and audiology), three for pharmacy, and nineteen for other allied health professionals including paramedics, laboratory, respiratory therapy, radiation therapy technicians. These affiliations represent the dedication that Methodist has to supporting the efforts of developing, recruiting, and retaining sufficient and quality associates.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

See the Project Completion Forecast Chart on the following page.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Not applicable

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		12/2017
2. Architectural and engineering contract signed	30	1/2018
3. Construction documents approved by the Tennessee Department of Health	60	7/2018
4. Construction contract signed	15	7/2018
5. Building permit secured	15	8/2018
6. Site preparation completed	NA	NA
7. Building construction commenced	180 total	12/2018
8. Construction 40% complete	90	2/2019
9. Construction 80% complete	160	5/2019
10. Construction 100% complete (approved for occupancy)	180	6/2019
11. *Issuance of License	30	7/2019
12. *Issuance of Service	30	7/2019
13. Final Architectural Certification of Payment	1	9/2019
14. Final Project Report Form submitted (Form HR0055)	1	9/2019

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones, President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of September 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019

HF-0043

Revised 7/02



ATTACHMENTS

INDEX OF ATTACHMENTS

A:3.C	Consent Calendar Request
A:4A-1	Corporate Charter and Certificate of Existence
A:4A-2	Ownership-Legal Entity and Organization Chart
A:6A	Site Control
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A:6B-2	Floor Plans
A:6B-3	Public Transportation Routes
B: Economic Feasibility A5	Documentation of Construction Cost Estimate
B: Economic Feasibility B6	Documentation of Availability of Funding
B: Economic Feasibility F1	Audit Report and Financial Statements
B: Orderly Development D	License from Board of Licensing Health Care Facilities and Licensure Survey
C: Orderly Development D1	DNV Accreditation Letter and Certificate
C: Orderly Development D2	CMS Letter of Compliance
C: Proof of Publication	Proof of Publication

A:3.C

Consent Calendar Request



September 14, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Le Bonheur Healthcare, centered in Shelby County, is one of Tennessee's largest healthcare providers. Methodist Healthcare's principal acute care subsidiary organization is Methodist Healthcare--Memphis Hospitals that owns and operates five Shelby County hospitals. Methodist North Hospital is the 246-bed adult facility located in the northern quadrant of the Methodist service area. Methodist North is filing a Certificate of Need for the relocation of the 34-bed Methodist Psych inpatient unit currently located on the Methodist University Hospital campus to the Methodist North campus.

Methodist would like to request this project for the Consent Calendar for the reasons noted below:

- The need for this project is supported by the State Health Plan, as these are existing beds and Methodist is not proposing new beds or new services. All Need, Financial, Development and Quality criteria are met with the proposal.
- Methodist has operated the psychiatric unit since 1973, and is committed to continue high quality and cost effective services.
- Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. The demolition of the Crews building – where the psychiatric unit is housed – will force the relocation of the program and beds.
- The choice to relocate the 34 beds to a hospital within the same system, only 13.7 miles away, allows Methodist to serve the same community with the same resources. The full program including equipment, staff, and physicians be relocated simultaneously.
- There are no negative implications with the proposal for the Methodist program, referral sources or competitors and most importantly patients.
- The applicant is relocating further away that all other competitors except

Lakeside Behavioral Health System. Although the location is closer to Lakeside, they offer broader, complimentary services including substance abuse, chemical dependency as well as adolescent and geriatric inpatient beds. Methodist has a positive working and referral relationship with Lakeside.

	Methodist University	Methodist North
Lakeside Behavioral Health System	21.0 miles	9.2 miles
Delta Medical Center	11.8 miles	17.1 miles
St. Francis Hospital - Park	12.7 miles	12.7 miles
Crestwyn Behavioral Health Hospital	21.8 miles	22.7 miles

- This project is economically feasible. The projections in this application show Methodist North Hospital and psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020).

Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus as well as the well-established psychiatric program.

We respectfully request your consideration.

Sincerely,

Carol Weidenhoffer
Senior Director of Planning and Business Development

A:4A-1

Corporate Charter and Certificate of Existence

ARTICLES OF AMENDMENT TO THE CHARTER

OF


METHODIST HOSPITALS OF MEMPHIS

Pursuant to the provisions of Section 48-60-101 et. seq. of the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Charter:

1. The name of the corporation is:
Methodist Hospitals of Memphis
2. The amendment adopted is:
The name of the corporation is hereby changed from Methodist Hospitals of Memphis to Methodist Healthcare - Memphis Hospitals.
3. The Amendment was duly adopted on January 15, 1998 by the Board of Directors of Methodist Health Systems, Inc., a Tennessee nonprofit corporation, acting as the Members of Methodist Hospitals of Memphis.
4. This amendment shall be effective February 1, 1998.
5. Additional approval for this charter amendment was not required.

DATED this 27th day of January 1998 at Memphis, Tennessee.

SIGNED BY:


W. Steven West
General Counsel/Assistant Secretary

P:\LDL\CORPORATE\CHARTERS.MEM

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AMENDED AND RESTATED CHARTER
OF
METHODIST HOSPITALS OF MEMPHIS

W6 7418

Pursuant to the provisions of § 48-1-304 of the Tennessee General Corporation Act, Methodist Hospitals of Memphis adopts the following restated charter:

PART I

1. The name of the Corporation is:

METHODIST HOSPITALS OF MEMPHIS

2. The duration of the Corporation is perpetual.

3. The address of the principal office of the Corporation in the State of Tennessee shall be 1265 Union Avenue, Memphis, Shelby County, Tennessee.

4. The Corporation is not for profit.

5. The purposes for which the Corporation is organized are:

a. To respond to the love of God by continuing the ministry of healing in the spirit of Jesus Christ.

b. This Corporation is organized and shall be operated exclusively for charitable, scientific, literary, religious and educational purposes; no part of the net earnings of the Corporation shall inure to the benefit of any individual; no substantial part of the activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

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To establish, purchase, own, operate, support, lease,

manage, conduct or maintain one or more hospitals,

institutions, nursing homes, convalescent centers, ambulance services or other facilities and services for the

care and treatment of the injured, sick, diseased,

disabled, afflicted, aged and infirm; and to support the

business, activities and programs of and to aid, assist

and confer benefits upon Methodist Health Systems, Inc., a

Tennessee not for profit corporation which is an exempt

organization described in Sections 501(c)(3) and 170(c)(2)

of the Internal Revenue Code of 1954, as amended, or any

of its affiliated organizations, all within or outside the

State of Tennessee.

d. To provide, operate, support, conduct or promote any educational, scientific or research activities related to health care.

e. To establish, join, cooperate or engage in joint ventures, associations, groups or cooperatives with other hospitals, health care providers, individuals, corporations, or any other entity, including, but not limited to, Methodist Health Systems, Inc. or any of its affiliated organizations, to advance or promote the general health of communities within or outside the State of Tennessee or to advance or promote the efficient delivery of health care within or outside the State of Tennessee.

f. To make loans, grants, awards, prizes and scholarships; to share its services, equipment and property with others; to assist and cooperate with other hospitals and others; and to engage in any other activities designed to advance or promote the efficient delivery of health care, or to advance or promote the general health of communities within or outside the State of Tennessee.

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g. To manufacture, fabricate, assemble, distribute, warehouse, sell and deal in any products, goods, equipment or other property for use by this corporation or others in the rendering of health care or to promote or advance the general health of communities within or outside the State of Tennessee.

h. To engage in any activities which are appropriate to carry out and fulfill any or all of the foregoing purposes, including, without limitation, for such purposes, the making of payments, loans, distributions and guaranties, the pooling of credit, assumption of joint and several obligations and the sharing of funds, assets and proceeds of financing with Methodist Health Systems, Inc., a Tennessee not for profit corporation, or any of its affiliated organizations.

i. To have and exercise all the powers as are permitted by the Tennessee General Corporation Act.

j. Notwithstanding any other provision of these articles, this Corporation shall not carry on any activity not permitted to be carried on by (a) a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or or the corresponding provision of any future United States Internal Revenue Law.

6. This Corporation shall have as its members those persons who are from time to time the members of the Board of Directors of Methodist Health Systems, Inc., a Tennessee not for profit corporation, or any successor thereto, which is an

exempt organization described in Sections 501(c)(3) and
501(c)(29) of the Internal Revenue Code of 1954, as amended.

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7. The governing body of this Corporation shall be a Board of Directors who shall manage its business and affairs. The directors shall be of legal age and need not be residents of the State of Tennessee. The number of directors and their terms of office shall be fixed and determined by the by-laws; except that, there shall not be less than three directors. The directors shall be elected by the members and may be removed by the members at any time, with or without cause,

8. A majority of the directors then in office shall constitute a quorum at any meeting of the directors.

9. The charter and by-laws of this Corporation may be altered, amended or repealed by the members subject to prior written approval of Methodist Health Systems, Inc. and such approval may be executed by any president or vice president thereof.

10. This Corporation may be merged, consolidated or dissolved only by action of the members.

11. Any action required or permitted to be taken at a meeting of the Board of Directors or any Board Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Directors or Board Committee as the case may be.

12. In the event of dissolution, the residual assets of this Corporation shall be turned over to Methodist Health Systems, Inc., a Tennessee not for profit corporation, or any other organization or organizations which are "restricted affiliates" (as hereinafter defined); provided, however, no part of the residual assets of the Corporation shall be turned

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over to any such organization unless such organization is itself an exempt organization described in Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1954, as amended (or corresponding sections of any prior or future Internal Revenue Code). If neither Methodist Health Systems, Inc. nor any such restricted affiliate is such an exempt organization, then the residual assets of the Corporation shall be turned over to one or more other organizations which at that time are organizations described in Section 501(c)(3) and 170(c)(2) and in exempt from Federal income taxes under Section 501(a) and is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code of 1954, as amended (or corresponding sections of any prior or future Internal Revenue Code), or to any federal, state or local government for exclusively public purposes. As used herein, "restricted affiliate" shall have the meaning of such term as utilized in any master trust indenture or other similar financing agreement to which the Corporation or Methodist Health Systems, Inc. is a party and which is in effect at the time of dissolution.

PART II

1. The date the original Charter was filed by the Secretary of State was August 1, 1922.
2. The Amended and Restated Charter restates the text of the Charter, as previously amended, and further amends the charter as specified below, and was duly adopted at a meeting of the member on June 12, 1985:

(a) Paragraphs 5(b), 5(c), 5(e), 5(h), 6, 7, 8, 9, 10 and 11 of the Charter, as previously amended, have been deleted in their entirety, with the foregoing paragraphs 5(b), 5(c), 5(e), 5(h), 6, 7, 8, 9, 10 and 11, respectively, being substituted therefor.

(b) The foregoing paragraph 12 has been added to the Charter.

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The foregoing restated charter was adopted at a meeting of
 the member on June 12, 1985.

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The foregoing restated charter is to be effective when these
 articles of amendment are filed by the Secretary of State of
 Tennessee.

DATED this 17th day of June, 1985.

METHODIST HOSPITALS OF MEMPHIS

By: Judge J. Carlton
 President

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STATE TAX _____
 REGISTER'S FEE _____
 RECORDING FEE 5.00

- 6 -

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STATE OF TENNESSEE
 SHELBY COUNTY
W. B. S.
 REGISTER

JN:6/15/85:JBM/19:51

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ARTICLES OF AMENDMENT

TO THE CHARTER

OF

METHODIST HOSPITALS OF MEMPHIS

Pursuant to the provisions of Section 48-303 of the Tennessee General Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Charter:

1. The name of the Corporation is:

METHODIST HOSPITALS OF MEMPHIS

2. The Amendment adopted is: paragraphs (6), (8), (9), (10) and (11) of the Articles of Amendment to the Charter filed with the Secretary of State, State of Tennessee on October 7, 1981, are deleted and the following are substituted therefor:

(6) This Corporation shall have as its sole member Methodist Health Systems, Inc., a Tennessee not-for-profit corporation.

(8) The governing body of this Corporation shall be a Board of Directors who shall manage its business and affairs. The Directors shall be of legal age and need not be residents of the State of Tennessee. The number of Directors and the term of their office shall be fixed and determined by the By-laws; except that, there shall not be less than three (3) Directors. The Directors shall be elected by the member.

(9) By-laws of this Corporation shall be adopted, amended or repealed by the member.

(10) This Corporation may be dissolved or its Charter amended only by action of the member.

(11) A majority of the Directors then in office shall
constitute a quorum at any meeting of the Directors.

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3. This Amendment was duly adopted at a meeting of the members on June 23, 1982.

4. The foregoing Amendment is to be effective when these Articles of Amendment are filed by the Secretary of State, State of Tennessee.

DATED June 23, 1982.

METHODIST HOSPITALS OF MEMPHIS

By:

Judge J. Calton
President

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ARTICLES OF AMENDMENT TO THE CHARTER
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58 5218

METHODIST HOSPITAL

Under the authority of Section 48-303 of the Tennessee General Corporation Act, Methodist Hospital amends its charter as follows:

All of the provisions of the Charter are hereby deleted and the following substituted therefor:

(1) The name of the corporation is Methodist Hospitals of Memphis.

(2) The duration of the corporation is perpetual.

(3) The address of the principal office of the corporation in the State of Tennessee shall be 1265 Union Avenue, Memphis, Shelby County, Tennessee.

(4) The corporation is not for profit.

(5) The purposes for which the corporation is organized are:

a. To respond to the love of God by continuing the ministry of healing in the spirit of Jesus Christ.

b. This corporation is organized and shall be operated exclusively for charitable, scientific, literary, religious and educational purposes; no part of the earnings shall inure to the benefit of any individual; no substantial part of the activities shall carry on propaganda, or otherwise attempt to influence legislation, and the corporation shall not participate in, or intervene in (including the

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\$1.81 - publishing or distributing of statements), any
\$00 EC - political campaign. 00240 00567

SB 5218

- c. To establish, own, operate, support, lease, manage, conduct and/or maintain one or more hospitals, institutions, homes, and/or other facilities within and/or outside the State of Tennessee for the care and treatment of the injured, sick, diseased, disabled, afflicted, aged and infirm.
- d. To provide, operate, support, conduct and/or promote any educational, scientific and/or research activities related to health care.
- e. To establish, join, cooperate and/or engage in joint ventures, associations, groups and/or cooperatives with other hospitals, health care providers, individuals, corporations, or any other entity to advance or promote the general health of communities within and outside the State of Tennessee, or to advance or promote the efficient delivery of health care.
- f. To make loans, grants, awards, prizes and scholarships; to share its services, equipment and property with others; to assist and cooperate with other hospitals and others; and to engage in any other activities designed to advance or promote the efficient delivery of health care, or to advance or promote the general health of communities within and outside the State of Tennessee.
- g. To manufacture, fabricate, assemble, distribute, warehouse, sell and deal in any products, goods, equipment or other property for use by this corporation and/or others in the rendering of

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health care or to promote or advance the general
communities within and outside the State
of Tennessee.

h. To engage in any activities which are appropriate to carry out and fulfill any or all of the foregoing purposes.

i. To have and exercise all of the powers as are permitted by the Tennessee General Corporation Act.

j. Notwithstanding any other provision of these articles, this corporation shall not carry on any activity not permitted to be carried on by (a) a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law or (b) a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provision of any future United States Internal Revenue Law.

(6) This corporation is to have members who shall be called Trustees. The Memphis, North Mississippi, and North Arkansas Annual Conferences of the United Methodist Church each shall elect six Trustees, four of whom shall be lay persons and two of whom shall be ordained United Methodist ministers. The by-laws of Methodist Hospitals of Memphis shall provide for the length of the term of Trustees and for the filling of any vacancies. A Trustee may be removed from office for any reason by the Annual Conference that elected the Trustee.

(7) In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170(c)(2) of the

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Internal Revenue Code of 1954 or corresponding sections of
any ~~code~~ or ~~act~~ Internal Revenue Code, or Code 569
Federal, State, or local government for exclusive public
purposes.

(8) The governing body of this corporation shall be a
Board of Directors who shall manage its business and
affairs. The directors shall be of legal age and need not
be residents of the State of Tennessee. The number of
directors and the term of their office shall be fixed and
determined by the by-laws; except that, there shall not be
less than three directors. The Trustees shall elect the
directors.

(9) By-laws of this corporation shall be adopted,
amended or repealed by the Board of Trustees by such vote as
may be therein specified.

(10) This corporation may be dissolved or its Charter
amended only by action of the Trustees.

(11) A majority of the Trustees shall constitute
a quorum at any meeting of the Trustees. A majority of
the Directors then in office shall constitute a quorum at
any meeting of the Directors.

3. The amendment was duly adopted by the unanimous
written consent of the members on June 8, 1981.

4. The amendment is to be effective when these
articles of amendment are filed by the Secretary of State,
State of Tennessee.

Dated September 23, 1981.

METHODIST HOSPITAL

By: W. B. Howard II
President

- 4 -

THE CHARTER OF INCORPORATION OF THE

THE CHARTER OF INCORPORATION OF THE
SOUTHERN BAPTIST CHURCH

WE IT COME, that L. M. BARNETT, John E. BARNETT, L. E. BARNETT, T. L. BARNETT, and J. L. BARNETT, citizens under the name and regulations of the Southern Baptist Church and North Atlantic Conference of the Methodist Episcopal Church South, by which they are appointed, and holding office as the members of said Conference of said Church, are hereby constituted a body politic and corporate by the name and style of "SOUTHERN BAPTIST CHURCH" for the purpose of organizing, conducting and operating a hospital in the City of Memphis, Tennessee, under the auspices and control of the Southern Baptist Church and North Atlantic Conference of the Methodist Episcopal Church, South and vesting in it the right to acquire or use hospital for medical and surgical treatment and advice, persons suffering from physical and mental ailments, diseases and disorders; and may keep books and lodge the same, for which it shall have the right to charge reasonable remuneration. It shall also have the right to establish a clinic and a dispensary for medical purposes, but no general or special, establish, organize and carry out all business and transactions of a first class, modern hospital. Said corporation shall be managed and its affairs conducted and matters controlled by a board of trustees, the members constituting the first board of trustees, as or soon as convenient after this charter is granted shall meet in the City of Memphis and organize by appointment of the officers and the election of trustees and the election of such officers as shall be provided by said hospital. The board of trustees shall consist of eighteen (18) members to be elected annually by the three conferences above named, each with six persons to elect annually six of said trustees, three of whom shall be laymen, two ministers of the gospel, and one a woman, to be elected in the City of Memphis shall be filled at the next meeting of the

any number of said parts as shown as the representative of said
 evidence, after giving said trustee an opportunity to be heard
 in his own defense, said trustee may designate a committee
 or agent and invest it with power to fill vacancies for him or
 his heirs in the (office of the trustee of said corporation,
 said board of trustees shall have the power to elect a board of
 managers of the said hospital and to adopt all by laws, rules and
 regulations for the management of the said corporation as may be
 necessary for the proper conduct of the affairs.

The said corporation, and the hospital as established
 shall be subject to the visitation power of the said board of
 trustees of the Methodist Episcopal Church, South.

And to those ends, said corporation may purchase, own
 or lease land for corporate purposes, borrow money from banks
 for the carrying on of the business of the corporation and
 make title to any real estate so then property owned by the cor-
 poration employ all necessary agents for the transaction of the
 business of the corporation to collect, collect, and receive sub-
 scriptions in money and otherwise, to make it lawful to be used
 in said or otherwise may and all of the purposes of the corporation
 purchase or rent all necessary printing, books, type, and material
 for the business of carrying on the work of the corporation.

It is all transactions of the said corporation is to
 be governed by the rules and regulations of the said hospital
 (Methodist Episcopal and North American Conference of the Methodist
 Episcopal Church, South, as the same are now and hereafter
 with the constitution of the State and the laws of the land.

The general powers of said corporation shall be to
 use and to use of the corporate money to have and, buy a common
 seal, which it may alter or renew; if it has no common seal, then
 the signature of any duly authorized officer shall be legal and bind-
 ing, to purchase and hold, or receive by gift, devise, or bequest
 in addition to the personal property owned by the corporation,
 said articles necessary for the transaction of the corporate business
 and also to purchase and accept any real estate in payment of part

with the laws and constitution of the State, and of the United States of America, and not contrary to the constitution and laws and regulations of the said Republic, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church South, do hereby certify that the management of the corporation aforesaid and by appointing such officers and officials, in addition to president and secretary, not chosen by the governing body of said Republic, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church South, as the business of the corporation may require, and as are not forbidden by the laws and regulations of said Republic, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church South, to designate the officers and fix the compensation of the officers.

The general nature of the object, and the object for which this charter is granted, and hence the members are not stockholders in the legal sense of the term, and no dividends or profits shall be divided among the members.

As the undersigned, apply to the State of Tennessee, by virtue of the laws of the land, for a charter of incorporation for the purposes and with the powers, etc., contained in the foregoing instrument.

Witness our hands, the first day of July, 1904.

John H. Stewart, J. L. Brown, L. E. Pinckney, J. L. Pinckney, L. E. Brown.

STATE OF MISSISSIPPI, County of... Personally appeared before me, J. L. Brown, Deputy Registrar of Deeds, the County Clerk of said County L. E. Brown, the within named petitioner with whom I am personally acquainted and acknowledge that he executed the within instrument for the purposes therein contained.

Witness my hand and office this first day of July, A. D. 1904.
J. L. Brown, Deputy Clerk.

अथवा न-संयोजक

WILLY COOPER..... Personally appeared before me, F. C. GUMAL,
Deputy Clerk of the County Court of Shelby County, Missouri,
J. E. Smith, subsequently witness to the within charter of incorpora-
tion and being three sworn persons and each to be so authorized
with said J. G. GUMAL, F. E. Rogers, J. H. Stratten, F. C. GUMAL
the incorporators and there they acknowledged the same to his authority
to be truly and well done upon this day to before said.

Witness my hand at office, 1130 East, 2nd St. July, 1922

2. 4. Strahl, Deputy Captain

Source: U.S. Census Bureau, *Marriage, Divorce, Remarriage in the 1990s*, Washington, D.C., 1993.

History country... Filed for Registration July 21, 1932
in San Francisco, Cal., and served in New York, N. Y., and
and was recorded July 22, 1932 in New York, N. Y., at Page 300

F. M. [redacted], [redacted]

By J. A. Moore, Jr., 2, 2.

I, James I. Nathan, Secretary of State, do hereby certify that
 this letter with certification attached, the Duplicating of which
 is a true copy was this day unofficially forwarded and certified by
 me, this 1st day of August, 1948.

Source: U.S. Bureau of Census, Survey of Current Business, Table 100, 1964.

STATE OF TENNESSEE

CHARTER OF INCORPORATION

THE CHARTER OF INCORPORATION OF THE

METHODIST HOSPITAL

BE IT KNOWN, That L.M. STRATTON, JOHN H. SHERARD, L. E. ESLES, T. K. RIDDICK, and J. R. PEPPER, and their successors, chosen under the usages and regulations of the Memphis, North Arkansas and North Mississippi Conferences of the Methodist Episcopal Church, South, by which they are appointed, and holding offices at the pleasure of said Conferences of said Church, are hereby constituted a body politic and corporate by the name and style of "METHODIST HOSPITAL" for the purpose of organizing, constructing, equipping and operating a hospital in the city of Memphis, Tennessee, under auspices and control of the Memphis, North Arkansas and North Mississippi Conferences of the Methodist Episcopal Church, South; said corporation to have the right to receive at its hospital for medical and surgical treatment and advice, persons suffering from physical and mental ailments, diseases and disorders; and may keep, board and lodge the same, for which it shall have the right to charge reasonable compensation. It shall also have the right to establish a clinic and a department for original research, and in general to conduct, establish, organize and equip any and all branches and departments of a first class, modern hospital. Said corporation shall be managed and its affairs conducted and powers exercised by a Board of Trustees, the incorporators constituting the first Board of Trustees, who as soon as convenient after this Charter is granted, shall meet in the City of Memphis and organize by acceptance of the Charter and the adoption of by-laws and the election of such officers as shall be prescribed by said by-laws. The Board of Trustees shall consist of eighteen (18) members to be elected annually by the three conferences above named, each of said conferences to elect annually six of said trustees, three of whom shall be laymen, two ministers of the gospel, and one a woman. Vacancies in the Board of Trustees shall be filled at the next ensuing session of the Conference in whose representation such vacancy occurs, and each of said conferences shall have the power to remove for cause any member of said board so chosen as the representative of said conference, after giving said trustee an opportunity to be heard in his own defense. Said conferences may designate a committee or agency and invest it with power to fill vacancies for and on its behalf in the interim of the sessions of said conferences. Said Board of Trustees shall have the power to elect a Board of Managers of the said Hospital and to adopt all by-laws, rules and regulations for the administration of the said Hospital as may be necessary for the proper conduct of its affairs.

The said corporation, and the hospital so established, shall be subject to the visitorial powers of the said Annual Conferences of the Methodist Episcopal Church, South.

And to these ends, said corporation may purchase, own or lease land for corporate purposes, borrow money when necessary for the carrying on of the business of the corporation; sell and make title to any real estate or other property owned by the corporation; employ all necessary agents for the transaction of the business of the corporation; to solicit, collect, and receive subscriptions in money and otherwise, legacies or devises to be used

in aid of forwarding any and all of the purposes of the corporation; purchase or rent all necessary printing presses, type, and material for the far as the same are not inconsistent with the constitution of the state and the laws of the land,

The general powers of said corporation shall be to sue and be sued by the corporate name; to have and to use a common seal, which it may alter at pleasure; if it has no common seal, then the signature of any duly authorized officer shall be legal and binding. To purchase and hold or receive by gift, devise, or bequest, in addition to the personal property owned by the corporation, real estate necessary for the transaction of the corporate business, and also to purchase and accept any real estate in payment or part payment of any debt due the corporation and to sell the same; to establish by-laws and make all rules and regulations not inconsistent with the laws and constitution of the State, and of the United States of America, and not contrary to the constitution and rules and regulations of the said Memphis, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church, South, deemed expedient for the management of the corporate affairs and to appoint such subordinate officers, in addition to President and Secretary, not chosen by the governing body of said Memphis, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church, South, as the business of the corporation may require, and as we are not forbidden by the rules and regulations of said Memphis, North Mississippi and North Arkansas Conferences of the Methodist Episcopal Church, South, to designate the officers and fix the compensation of the officer.

The general welfare of society, not individual profit, is the object for which this charter is granted, and hence the members are not stockholders in the legal sense of the term, and no dividends or profits shall be divided among the members.

WE, the undersigned, apply to the State of Tennessee, by virtue of the laws of the land, for a Charter of Incorporation for the purpose and with the powers, etc., declared in the foregoing instrument.

WITNESS our hands, the 31st day of July, 1922.

(Signed) John H. Sherard
J. R. Pepper
L. M. Stratton
T. K. Biddick
L. H. Estes

STATE OF TENNESSEE
SHELBY COUNTY

Personally appeared before me, R. C. Strehl, Deputy Clerk of the County Court of said County, L. H. Estes, the within named petitioner with whom I am personally acquainted and who acknowledged that

he executed the within instrument for the purposes therein contained.
Witness my hand at office, this 31st day of July, A.D. 1922.

(Signed) R. C. Strehl, Deputy Clerk.

STATE OF TENNESSEE
SHELBY COUNTY

Personally appeared before me, R. C. Strehl, Deputy Clerk of the County Court of Shelby County aforesaid, L. H. Estes, subscribing witness to the within Charter of Incorporation, who being first sworn, deposes and says that he is acquainted with John H. Sherard, J. R. Pepper, L. K. Stratton, T. K. Riddick, the incorporators and that they acknowledged the same in his presence, to be their act and deed upon the day it bear date.

Witness my hand, at office, this 31st day of July, 1922.

(Signed) R. C. Strehl, Deputy Clerk

MHHH Corp. File
24

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

ISSUANCE DATE: 09/20/2004
REQUEST NUMBER: 04284516
TELEPHONE CONTACT: (615) 741-6488
CHARTER/QUALIFICATION DATE: 08/01/1922
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0054694
JURISDICTION: TENNESSEE

O:
METHODIST HEALTHCARE
IN SHARPE
211 UNION ST
MEMPHIS, TN 38104

REQUESTED BY:
METHODIST HEALTHCARE
KIM SHARPE
1211 UNION ST
MEMPHIS, TN 38104

CERTIFICATE OF EXISTENCE

RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT
"METHODIST HEALTHCARE MEMPHIS HOSPITALS"

IS A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF
INCORPORATION AND DURATION AS GIVEN ABOVE:
THAT ALL FEES, TAXES, AND PENALTIES OWED TO THIS STATE WHICH AFFECT THE
EXISTENCE OF THE CORPORATION HAVE BEEN PAID;
THAT THE MOST RECENT CORPORATION ANNUAL REPORT REQUIRED HAS BEEN FILED
WITH THIS OFFICE; AND
THAT ARTICLES OF DISSOLUTION HAVE NOT BEEN FILED; AND
THAT ARTICLES OF TERMINATION OF CORPORATE EXISTENCE HAVE NOT BEEN FILED

NR: REQUEST FOR CERTIFICATE

ON DATE: 09/20/04

FROM:
METHODIST HEALTHCARE-CORPORATE MEMPHIS
211 UNION AVENUE
SUITE 600
MEMPHIS, TN 38104-0000

RECEIVED: FEES \$20.00 \$0.00
TOTAL PAYMENT RECEIVED: \$20.00
RECEIPT NUMBER: 00003586278
ACCOUNT NUMBER: 00278211



SS-4436

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **METHODIST HEALTHCARE MEMPHIS HOSPITALS**

General Information

SOS Control #	000054694	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	08/01/1922
	08/01/1922 4:30 PM	Fiscal Year Close	12
Status:	Active		
Duration Term:	Perpetual		
Public/Mutual Benefit:	Public		

Registered Agent Address
LYNN FIELD
STE 700
1211 UNION AVE
MEMPHIS, TN 38104-6600

Principal Address
1265 UNION AVE
MEMPHIS, TN 38104-3415

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
02/27/2017	2016 Annual Report	B0351-3140
02/10/2016	2015 Annual Report	B0196-2962
03/23/2015	Assumed Name Renewal	B0074-0970

Assumed Name Changed From: LE BONHEUR CHILDREN'S HOSPITAL To: LE BONHEUR CHILDREN'S HOSPITAL

Expiration Date Changed From: 05/06/2015 To: 03/23/2020

02/18/2015	2014 Annual Report	B0055-4561
02/04/2014	2013 Annual Report	7281-0321
02/25/2013	2012 Annual Report	7155-0374
08/03/2012	Articles of Amendment	7082-1151
02/14/2012	2011 Annual Report	6997-0215

Principal Address 1 Changed From: 1265 UNION AVENUE To: 1265 UNION AVE

Principal Postal Code Changed From: 38104 To: 38104-3415

Principal County Changed From: No value To: SHELBY COUNTY

02/28/2011	2010 Annual Report	6840-1353
09/08/2010	Assumed Name	6768-0997

Filing Information

Name: METHODIST HEALTHCARE MEMPHIS HOSPITALS

New Assumed Name Changed From: No Value To: Methodist University Hospital PET Imaging Center	
05/06/2010 Assumed Name Change	6717-1042
Assumed Name Cancelled Changed From: No Value To: LEBONHEUR CHILDREN'S MEDICAL CENTER, INC.	
New Assumed Name Changed From: No Value To: LE BONHEUR CHILDREN'S HOSPITAL	
02/26/2010 2009 Annual Report	6662-1631
02/13/2009 2008 Annual Report	6447-2933
03/20/2008 2007 Annual Report	6254-2134
01/03/2008 Registered Agent Change (by Entity)	6176-1361
Registered Agent Physical Address Changed	
Registered Agent Changed	
03/12/2007 2006 Annual Report	5981-1383
04/04/2006 2005 Annual Report	5754-0734
10/05/2005 Assumed Name Renewal	5576-1664
02/08/2005 2004 Annual Report	5352-3165
01/21/2004 2003 Annual Report	5012-2125
03/24/2003 2002 Annual Report	4763-0819
01/25/2002 2001 Annual Report	4403-1263
01/16/2001 2000 Annual Report	4090-0832
08/29/2000 Assumed Name Renewal	3989-0646
01/24/2000 1999 Annual Report	3806-0436
02/12/1998 Assumed Name Renewal	3451-1198
01/28/1998 Articles of Amendment	3441-2199
Name Changed	
06/20/1997 Notice of Determination	ROLL 3355
10/05/1995 Merger	3061-2305
Merged Control # Changed From: 000054694	
Merged Control # Changed From: 000077094	
10/05/1995 Assumed Name	3061-2310
01/17/1995 CMS Annual Report Update	2940-1358
Mail Address Changed	
05/05/1993 Merger	2689-0090
Merged Control # Changed From: 000054694	
Merged Control # Changed From: 000118757	
03/19/1993 Assumed Name	2664-2176
02/21/1992 CMS Annual Report Update	2382-0803
Principal Address Changed	

Filing Information

Name: METHODIST HEALTHCARE MEMPHIS HOSPITALS

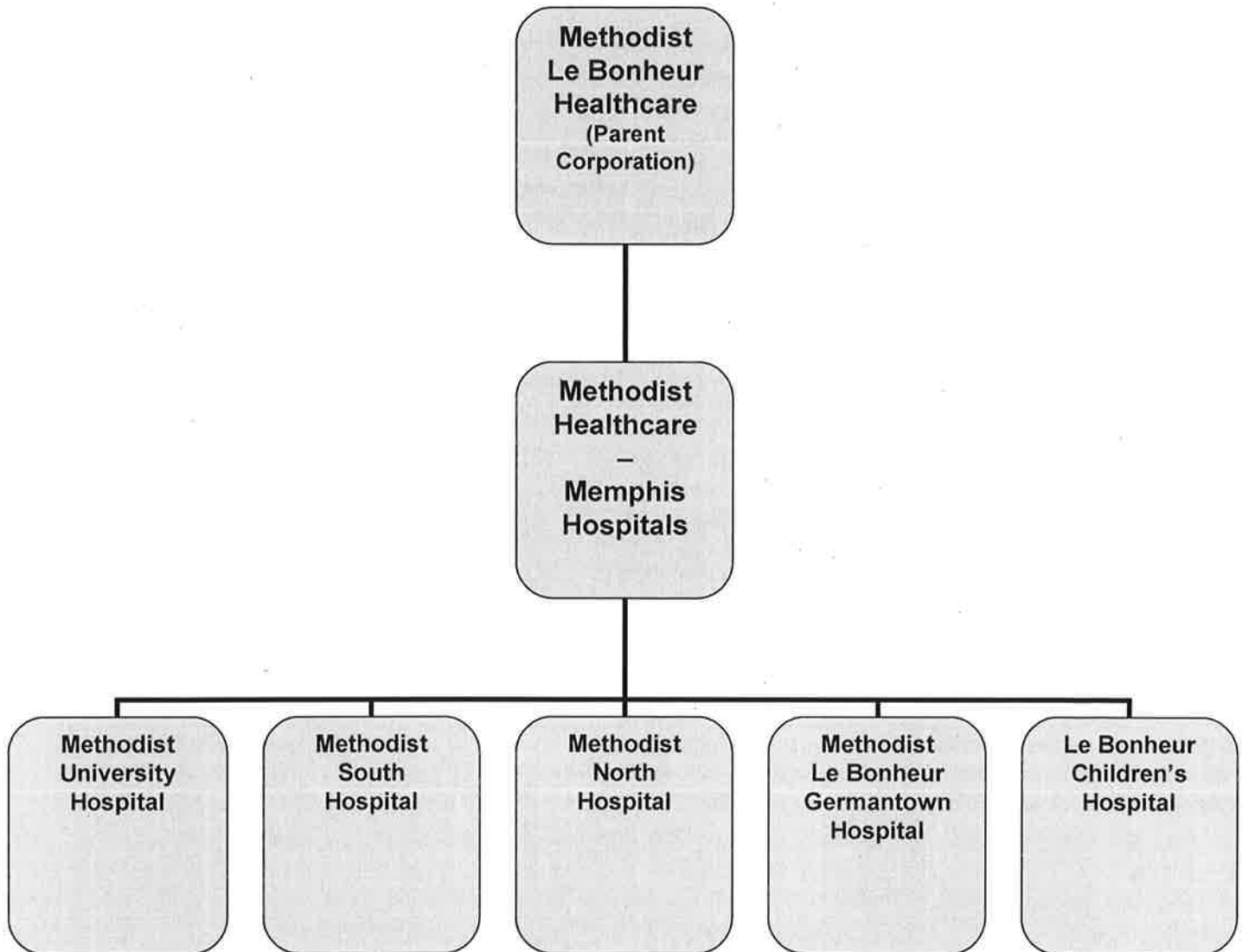
06/16/1990 Administrative Amendment	FYC/REVENUE
Fiscal Year Close Changed	
02/16/1990 Notice of Determination	ROLL 1647
02/18/1987 Registered Agent Change (by Entity)	668 02594
Registered Agent Physical Address Changed	
Registered Agent Changed	
12/04/1985 Administrative Amendment	581 01412
Mail Address Changed	
06/18/1985 Articles of Amendment	549 03333
06/23/1982 Articles of Amendment	296 01207
10/07/1981 Articles of Amendment	240 00566
Name Changed	
Principal Address Changed	
06/23/1981 Registered Agent Change (by Agent)	216 00043
Registered Agent Physical Address Changed	
Registered Agent Changed	
07/26/1978 Registered Agent Change (by Agent)	030 01269
Registered Agent Physical Address Changed	
Registered Agent Changed	
08/01/1922 Initial Filing	MA--P0397

<u>Active Assumed Names (if any)</u>	<u>Date</u>	<u>Expires</u>
LE BONHEUR CHILDREN'S HOSPITAL	05/06/2010	03/23/2020

A:4A-2

Ownership-Legal Entity and Organization Chart

**METHODIST HEALTHCARE – MEMPHIS HOSPITALS
OWNERSHIP STRUCTURE ORGANIZATIONAL CHART**



List of Methodist Health Care Facilities

Methodist Healthcare owns or has financial interest in the following health care facilities:

1. Methodist Healthcare – Memphis Hospitals hospital license – 100%, includes the following:
 - Methodist University Hospital – 100%
 - Methodist South Hospital – 100%
 - Methodist North Hospital – 100%
 - Methodist Le Bonheur Germantown Hospital – 100%
 - Le Bonheur Children's Hospital – 100%
2. Le Bonheur Community Health and Well-Being – 100%
3. Alliance Health Services, Inc. – 100%
4. Mid-South Radiation Oncology, LLC d/b/a Methodist Germantown Radiation Oncology Center – 100%
5. North Surgery Center, L.P. – 62.5% Gen. Par
6. Methodist Surgery Center Germantown, L.P. - 55% Gen. Par.
7. Urology Ambulatory Surgery Center, LLC – 30%
8. Le Bonheur East Surgery Center II, L.P. – 35% Gen. Par.
9. HealthSouth Rehabilitation Hospital, L.P. – 30% Limited Par.
10. HealthSouth Rehabilitation Hospital North – 30% Limited Par.
11. Hamilton Eye Institute Surgery Center, L.P. – 33.3%

A:6A
Site Control

WARRANTY DEED

T1 9700 ✓

THIS INSTRUMENT, made and entered into this 10th day of March, 1982, by and between WILLIAM A. FLEMING, III, party of the first part, and METHODIST HOSPITALS OF MEMPHIS, a Tennessee Corporation, party of the second part.

WITNESSETH: That for and in consideration of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, the said party of the first part has bargained and sold and does hereby bargain, sell, convey and confirm unto the said party of the second part the following described real estate, situated and being in the City of Memphis, County of Shelby, State of Tennessee, to-wit:

Part of the J. R. Rhodes 50.5 acre tract of the R. G. Wooten 255 acre tract (the tract herein described being the 10 acre tract conveyed to William A. Fleming, III per deed of record in Book 3187, Page 226, Shelby County Register's Office, and the 4.40 acre tract conveyed to same per deed of record in Book 3192, Page 160, Shelby County Register's Office) being more particularly described as follows:

Beginning at an iron pin in the west line of Old Covington Pike (25 feet from center line) 1075.28 feet northwardly from the southeast corner of the Rhodes tract as measured along the west line of Old Covington Pike, said beginning point being in the southeastward projection of the northeast line of the parcel conveyed to the Memphis Otolaryngology Group per deed of record in Instrument M58020, Shelby County Register's Office; thence North 55° 30' West along the northeast line of the Memphis Otolaryngology Group property, the northeast line of Methodist Hospital property and the projection of said line a measured distance of 1534.30 feet (dead call 1538.30 feet more or less) to an old iron pin in the west line of the Rhodes tract; thence North 58° 02' 30" East with the west line of said Rhodes tract 301.55 feet to an iron pin in the north corner of said Rhodes tract; thence South 70° 31' 30" East with the north line of said Rhodes tract 891.37 feet to an iron pin at the north corner of the 2.7 acre tract conveyed to Clifton Holden per deed of record in Book 3245, Page 595, Shelby County Register's Office; thence South 35° 07' 30" West along the northwest line of the Holden tract 35.42 feet to an old iron pin; thence South 55° 11' East along the southwest line of the Holden tract a measured distance of 616.80 feet (dead call 623.84 feet) to an iron pin in the west line of Old Covington Pike (25 feet from center line); thence South 42° 12' 30" West along the west line of Old Covington Pike 473 feet to the point of beginning.

→ Containing 14.446 acres of land.

TO HAVE AND TO HOLD the aforesaid real estate together with all the appurtenances and hereditaments thereunto belonging or in any wise appertaining unto the said party of the second part, its successors and assigns, in fee simple forever.

The said party of the first part does hereby covenant with the said party of the second part that he is lawfully seized in fee of the aforescribed real estate; that he has a good right to sell and convey the same; that the same is unencumbered, except for the lien of 1982 City and County Real Estate Taxes, the payment of which is assumed by party of the second part and easement for utilities of record in Chattel Book 276, Page 6, in the Register's Office of Shelby County, Tennessee; and that the title and quiet possession thereto he will warrant and forever defend against the lawful claims of all persons.

WITNESS the signature of the party of the first part the day and year first above written.


William A. Fleming, III

T1 9700

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared WILLIAM A. FLEMING, III, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 10th day of March, 1982.

William A. Fleming
Notary Public

My commission expires:

10/15/85

I, or we, hereby swear or affirm that, to the best of affiant's knowledge, information, and belief, the actual consideration for this transfer of value of the property transferred, whichever is greater, is \$413,000.00, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Debra M. Morton
Affiant

Subscribed and sworn to before me this 10th day of March, 1982.

William A. Fleming
Notary Public

My commission expires:

10/15/85

Property Address: Unimproved Land

Mail Tax Bills to:

Methodist Hospitals of Memphis
1265 UNION AVENUE
Memphis, Tennessee 38109

This instrument prepared by:

William H. Travis, Attorney
Suite 1200 - One Commerce Square
Memphis, Tennessee 38103

State Tax	\$1,073.80
Register's Fee	1.50
Recording Fee	6.00
Total	\$1,081.30

T. G. No. 244958-- WHT

Return to: Mid-South Title Insurance Corporation

T1 9700

STATE TAX 1,073.80
REGISTER'S FEE 1.50
RECORDING FEE 6.00
TOTAL 1,081.30
MAR 11 11 47 AM '82

STATE OF TENNESSEE
SHELBY COUNTY
W. H. Travis

11 1104
3

WARRANTY DEED

THIS INDENTURE, made and entered into this 8th day of November, 1982 by and between ROY WAYNE MARTIN and JESSE G. MULLEN, parties of the first part, and METHODIST HOSPITALS OF MEMPHIS, a Tennessee Corporation, party of the second part,

WITNESSETH: That for and in consideration of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, the said parties of the first part have bargained and sold and do hereby bargain, sell, convey and confirm unto the party of the second part the following described real estate, situated and being in the City of Memphis, County of Shelby, State of Tennessee, to-wit:

Part of the property acquired by Griffin Mortgage Company from Edward B. McMaster and Walter P. Armstrong, Jr. by deed recorded under Registrar's No. J7 6075, in the Registrar's Office of Shelby County, Tennessee, more particularly described as follows:

BEGINNING at a point in the southeast right of way line of Austin Peay Highway, the northwest corner of Raleigh Grove Subdivision, First Addition, said point being 112 feet southeast of the centerline of said Highway, as measured at right angles to said centerline; thence North 41 degrees 32 minutes 00 seconds East along the southeast line of Austin Peay Highway and the west line of the Griffin Mortgage Company property a distance of 349.64 feet to a point, the Griffin Mortgage Company northwest corner; thence South 42 degrees 34 minutes 40 seconds East along said north line a distance of 320.20 feet to a point, the northeast corner of said tract; thence South 57 degrees 28 minutes 16 seconds West along the east line of said tract a distance of 301.55 feet to a point in the north line of Raleigh Grove Subdivision, First Addition; thence North 55 degrees 29 minutes 58 seconds west along the north line of said subdivision, a distance of 227.47 feet to the point of beginning, containing 85,519.55 square feet or 1.9633 acres of land, being the same property conveyed to grantors by Warranty Deed recorded under Registrar's No. S6 0609, in the Registrar's Office of Shelby County, Tennessee.

Title to the above described real property is vested in Roy Wayne Martin and Jesse G. Mullen. Joyce Jeannette Martin, wife of said Roy Wayne Martin and Fatos Y. Mullen, wife of said Jesse G. Mullen, for the consideration aforesaid, join herein for the purpose of granting and conveying and do hereby grant and convey to party of the second part, its successors and assigns, all rights, claims and interest they may now have or hereafter acquire in said property by virtue of their marriages including rights of homestead and elective share as provided by the laws of the State of Tennessee, but they do not join in the covenants and warranties hereof.

TO HAVE AND TO HOLD the aforesaid real estate together with all the appurtenances and hereditaments thereunto belonging or in any wise appertaining unto the said party of the second part, its successors and assigns in fee

simple forever.

The said parties of the first part do hereby covenant with the said party of the second part that they are lawfully seized in fee of the afore-described real estate; that they have a good right to sell and convey the same; that the same is unencumbered, and that the title and quiet possession thereto they will warrant and forever defend against the lawful claims of all persons.

IN WITNESS WHEREOF, parties of the first part have executed this instrument the day and year first above written.

Roy Wayne Martin
Roy Wayne Martin
Joyce Jeanette Martin
Joyce Jeanette Martin
Jesse G. Mullen
Jesse G. Mullen
Fatos Y. Mullen
Fatos Y. Mullen

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared ROY WAYNE MARTIN and wife, JOYCE JEANETTE MARTIN, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 16th day of November, 1982.

My commission expires:
Aug. 22, 1983

Ray C. Morse
Notary Public

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared JESSE G. MULLEN and wife, FATOS Y. MULLEN, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same for the purposes therein contained.

WITNESS my hand and Notarial Seal at office this 16th day of November, 1982.

My commission expires:
Aug. 22, 1983

Ray C. Morse
Notary Public

I, or we, hereby swear or affirm that, to the best of affiant's knowledge, information, and belief, the actual consideration for this transfer or value of the property transferred, whichever is greater, is \$170,000.00, which amount is equal to or greater than the amount which the property transferred would

command at a fair and voluntary sale.

Wayne M. Smith, as
James A. Mullen
 Affiant

Subscribed and sworn to before me this the 16th day of November, 1982.

Ray C. Morse
 Notary Public

My commission expires:

My Commission Expires Aug. 22, 1983

Property address: Unimproved

Mail tax bills to:
 Methodist Hospitals of Memphis

This instrument prepared by:
 William E. Travias, Attorney
 1200 One Commerce Square
 Memphis, Tenn. 38103

TC#248076 - WET
 Return to Mid-South Title Ins. Corp.

T71754

STATE TAX 442.60
 REGISTER'S FEE 1.50
 RECORDING FEE 7.50
 Nov 19 1982 451.50

STATE OF TENNESSEE
 SHELBY COUNTY

Ray C. Morse
 Notary Public

24

442.00
 451.50

This Instrument Prepared by:

William B. Travis, Attorney
Suite 1200 - One Commerce Square
Memphis, Tennessee 38103

MST Trac

Reference: EX-114-2

5

DEED OF TRUST

This Indenture made and entered into this 10th day of March, 1982,
by and between METHODIST HOSPITALS OF MEMPHIS, a Tennessee Corporation,

Party of first part, and
Party of the second part,

MID-SOUTH TITLE INSURANCE CORPORATION

Trustee,

WITNESSETH: That for and in consideration of Five Dollars Cash in hand paid by the party of the second part to the party of the first part, and the debt and taxes hereinafter mentioned, said party of the first part has bargained and sold and does hereby bargain, sell, convey and confirm unto the said party of the second part the following described real estate situated and being in City of Memphis, Shelby County, Tennessee, to-wit:

Part of the J. R. Rhodes 50.5 acre tract of the R. G. Wooten 235 acre tract (the tract herein described being the 10 acre tract conveyed to William A. Fleming, III per deed of record in Book 3187, Page 226, Shelby County Register's Office, and the 4.40 acre tract conveyed to same per deed of record in Book 3192, Page 160, Shelby County Register's Office) being more particularly described as follows:

Beginning at an iron pin in the west line of Old Covington Pike (25 feet from center line) 1075.28 feet northwardly from the southeast corner of the Rhodes tract as measured along the west line of Old Covington Pike, said beginning point being in the southeastward projection of the northeast line of the parcel conveyed to the Memphis Otolaryngology Group per deed of record in Instrument MS-8020, Shelby County Register's Office; thence North 55° 30' West along the northeast line of the Memphis Otolaryngology Group property, the northeast line of Methodist Hospital property and the projection of said line a measured distance of 1534.30 feet (deed call 1538.30 feet more or less) to an old iron pin in the west line of the Rhodes tract; thence North 58° 02' 30" East with the west line of said Rhodes tract 301.55 feet to an iron pin in the north corner of said Rhodes tract; thence South 70° 31' 30" East with the north line of said Rhodes tract 891.37 feet to an iron pin at the north corner of the 2.7 acre tract conveyed to Clifton Holden per deed of record in Book 3245, Page 595, Shelby County Register's Office; thence South 35° 07' 30" West along the northwest line of the Holden tract 35.42 feet to an old iron pin; thence South 55° 11' East along the southwest line of the Holden tract a measured distance of 616.80 feet (deed call 623.84 feet) to an iron pin in the west line of Old Covington Pike (25 feet from center line); thence South 42° 12' 30" West along the west line of Old Covington Pike 473 feet to the point of beginning.

Containing 14.446 acres of land.

in.
C.

TO HAVE AND TO HOLD, the aforescribed real estate, together with all the hereditaments and appurtenances thereunto belonging or in any wise appertaining unto the said party of the second part, his successors and assigns, in fee simple forever, and the said party of the first part does hereby covenant with the said party of the second part, his successors and assigns, that he is lawfully seized in fee of the aforescribed real estate; that he has a good right to sell and convey the same; that the same is unincumbered,

and that the title and quiet possession thereto he will and his heirs and personal representatives shall warrant and forever defend against the lawful claims of all persons.

But this is a Deed of Trust, and is made for the following uses and purposes, and none other; that is to say: the said party of the first part is justly indebted to WILLIAM A. FLEMING, III

or the holder of the notes hereinafter mentioned, in the sum of THREE HUNDRED THIRTY EIGHT THOUSAND AND NO/100 (\$338,000.00) evidenced by one Promissory Note of even date herewith executed by Methodist Hospitals of Memphis payable to William A. Fleming, III in the principal amount of \$338,000.00 together with interest thereon from date until maturity at the rate of 12% per annum, said interest payable quarter annually commencing June 10, 1982, and said principal payable in 5 consecutive annual installments of \$67,600.00 each commencing March 10, 1983.

The above described note represents the balance of the purchase price of the within described property conveyed to the party of the first part herein by William A. Fleming, III by Warranty Deed dated March 10, 1982.

This deed of trust is given subject to the express condition that certain designated portions of the herein described property shall be released from the lien of this deed of trust simultaneously with the payment of each said annual principal installment and all interest accrued thereon. Said portions to be released are particularly described on Exhibit "A", attached hereto and made a part hereof and are designated thereon as release tracts 1 through 5. Said tracts shall be released from the lien hereof as follows:

Tract #5 shall be released simultaneously with the payment of the first annual principal installment.

Tract #4 shall be released simultaneously with the payment of the second annual principal installment.

Tract #3 shall be released simultaneously with the payment of the third annual principal installment.

Tract #2 shall be released simultaneously with the payment of the fourth annual principal installment.

Tract #1 shall be released simultaneously with the payment of the fifth annual principal installment.

Party of the first part, its successors or assigns, may otherwise obtain a release or releases of said tracts in a different sequence than set forth above by depositing with Mid-South Title Insurance Corporation, as Escrow Agent, the sum of \$67,600.00, representing the amount of each annual installment of principal, for each of said tracts to be released, with an Agreement that said Escrow Agent shall hold said funds until same are due and payable as set forth in the above sequence of payment, at which time said funds together with accrued interest shall be paid to the holder of the note secured hereby, said agreement to further provide that said funds shall be invested in accordance with the instructions of first party and interest earned thereon to be used to pay interest owed on said note with interest earned in excess thereof to be paid to first party. Should the funds so deposited, plus interest earned, be insufficient to pay the interest payable to the holder of said note, first party shall be required to pay to Escrow Agent the additional funds needed to allow Escrow Agent to pay said holder the total amount of principal and interest due for said installment payment.

The party of the first part desires to secure and make certain the payment of said indebtedness, and of any and all renewals and extensions thereof. Now, therefore, the party of the first part agrees and binds himself that so long as any part of the indebtedness aforesaid shall remain unpaid, he will pay all taxes and assessments against said property promptly when due, and deposit all tax receipts with the holder of the greater portion of the outstanding indebtedness secured hereby; will insure the buildings on said property for not less than the lesser of (1) the insurable value thereof or (2) the total indebtedness secured by mortgages, deeds of trust or other security instruments encumbering the aforescribed real estate against loss or damage by fire and the perils against which insurance is afforded by extended coverage endorsement in some insurance company or companies approved by the holder of the greater portion of the outstanding indebtedness secured hereby, cause said policies to contain a standard mortgage clause in favor of the holder of said indebtedness and deposit said policies with the holder of the greater portion of the outstanding indebtedness secured hereby as further security for said debt; will protect the improvements on said property by proper repairs, and maintain them in good repair and condition; will not do anything or suffer or permit anything to be done whereby the lien of this Deed of Trust might or could be impaired; will pay such expenses and fees as may be necessary in the protection of the property and the maintenance and execution of this trust, including, but not being limited to, expenses incurred by the Trustee in any legal proceedings in which he is made or becomes a party. The net proceeds resulting from the taking of all or any part of the property by eminent domain, or from any sale in lieu thereof, shall be applied upon the indebtedness in inverse order of its maturity; and in the event of the destruction of the improvements by fire or other casualty, the net proceeds of the insurance shall be applied upon the indebtedness secured hereby in inverse order of its maturity, or at the option of the party of the first part, his heirs and assigns, such proceeds may be used to restore the improvements to their former condition.

... insurance and repairs, and protect and preserve the property, and such amounts so paid shall be held and treated as part of the expense of administering this trust, shall be repaid on demand with interest at the highest rate legally chargeable on the date of the advance, and shall be secured by the lien of this Deed of Trust.

If the said party of the first part shall pay said indebtedness when due, and shall pay such sums as shall be necessary to discharge taxes and maintain insurance and repairs and the costs, fees and expenses of making, enforcing and executing this trust, when they shall severally be due and payable, then this conveyance shall become void, and the owner of the indebtedness shall execute proper deed of release or enter marginal satisfaction on the record of this deed of trust, or in the alternative, the Trustee shall reconvey by quit claim the property herein described, all at expense of said party of the first part.

But if said party of the first part shall fail to pay any part of said indebtedness, whether principal or interest, promptly when the same becomes due, or shall fail to pay any sum necessary to satisfy and discharge taxes and assessments before they become delinquent, or to maintain insurance or repairs, or the necessary expense of protecting the property and executing this trust, then, or in either event, all of the indebtedness herein secured shall, at the option of the owner of any of said indebtedness and without notice, become immediately due and payable, principal and interest, and the said Trustee is hereby authorized and empowered to enter and take possession of said property, and before or after such entry to advertise the sale of said property for twenty one days by three weekly notices in some newspaper published in Memphis, Tennessee, if the land described in this Deed of Trust is situated in Shelby County, Tennessee, or in some newspaper published in the County or Counties in which the land described in this Deed of Trust is situated, if other than Shelby County, Tennessee, and sell the said property for cash to the highest bidder, free from equity of redemption, statutory right of redemption, homestead, dower, and all other rights and exemptions of every kind, all of which are hereby expressly waived, and said Trustee shall execute a conveyance to the purchaser in fee simple, and deliver possession to the purchaser, which the party of the first part binds himself shall be given without obstruction, hindrance or delay.

The owners of any part of the indebtedness hereby secured may become the purchaser at any sale under this conveyance.

If the notes secured hereby are placed in the hands of an attorney for collection, by suit or otherwise, or to enforce their collection by foreclosure or to protect the security for their payment, the party of the first part will pay all costs of collection and litigation, together with an attorney's fee as provided in said notes, ~~and if none is so provided, a reasonable attorney's fee, and the same shall be a lien on the premises herein conveyed and enforced by a sale of the property as herein provided.~~

The proceeds of any sale shall be applied as follows: first to the payment of the expenses of making, maintaining and executing this trust, the protection of the property, including the expense of any litigation and attorney's fees, and the usual commissions to the Trustee; second, to the payment of the indebtedness herein secured or intended so to be, without preference or priority of any part over any other part, and any balance of said indebtedness remaining unpaid shall be the subject of immediate suit; and third, should there be any surplus, the Trustee will pay it to the party of the first part, or his assigns. In the event of the death, refusal, or of inability for any cause, on the part of the Trustee named herein, or of any successor trustee, to act hereunder, or for any other reason satisfactory to the owner of the said indebtedness, the owner or owners of the majority of the outstanding indebtedness aforesaid are authorized either in their own name or through an attorney or attorneys in fact appointed for that purpose by written instrument duly registered, to name and appoint a successor or successors to execute this trust, such appointment to be evidenced by writing, duly acknowledged; and when such writing shall have been registered, the substituted trustee named therein shall thereupon be vested with all the right and title, and clothed with all the power of the Trustee named herein and such like power of substitution shall continue so long as any part of the indebtedness secured hereby remains unpaid. The party of the first part, for himself, his heirs, representatives, successors and assigns, covenants and agrees that at any time after default in payment of any of the indebtedness hereby secured, or upon failure to perform any of the covenants to be kept and performed by him, said Trustee may enter upon and take possession of said property and collect the rents and profits therefrom with payment of such to the Trustee after default being full acquaintance to the tenant, but the Trustee shall be required to account only for the net rents received by him; and from and after the conveyance of said property under this Deed of Trust, the party of the first part, and all persons under him, shall, at the option of the purchaser, be and become the tenants at will of the purchaser, at a reasonable monthly rental, commencing with the date of delivery of the Trustee's Deed.

In the event that more than one Trustee be named herein, any one of such Trustees shall be clothed with full power to act when action hereunder shall be required, and to execute any conveyance of said property. In the event that more than one Trustee be named herein and the substitution of a trustee shall become necessary for any reason, the substitution of one trustee in the place of those or any of those named herein shall be sufficient. The term "Trustee" shall be construed to mean "Trustees" whenever the sense requires. The necessity of the Trustee herein named, or any successor in trust, making oath or giving bond, is expressly waived.

No waiver by the party of the second part or by the holder of the indebtedness secured hereby shall be construed as a waiver of a subsequent similar default or any other default by the party of the first part.

The singular number may be construed as plural, and the plural as singular, and pronouns occurring herein shall be construed according to their proper gender and number, as the context of this instrument may require.

IN WITNESS WHEREOF, the party of the first part has executed, or has caused to be executed, this instrument on the day and year first above written.

METHODIST HOSPITALS OF MEMPHIS

ATTEST:

By James A. [Signature]
Notary Public

STATE OF TENNESSEE, COUNTY OF SHELBY:

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared _____

_____ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he... executed the same as... free act and deed.

WITNESS my hand and Notarial Seal at office this _____ day of _____ 19____.

My commission expires _____

Notary Public

EXHIBIT "A"

Being a division of Part of the William A. Fleming, III 14.446 acres as described herein:

TRACT 1:

Beginning at a point in the west line of Old Covington Pike (25 feet from center line) at the southeast corner of said 14.446 acre tract; run thence North 55° 30 minutes West along the southerly line of said Fleming tract 195 feet; thence North 34° 30 minutes East, 470.16 feet to a point in the northerly line of said Fleming tract; thence South 55° 11 minutes East along said northerly line 258.45 feet to a point in the west line of Old Covington Pike; thence South 42° 12 minutes 30 seconds West along the west line of Old Covington Pike 473 feet to the point of beginning.

Containing 2.446 acres more or less.

TRACT 2:

Beginning at a point in the southerly line of the said Fleming tract at the southwest corner of Tract 1, said beginning point being 195 feet westwardly from the west line of Old Covington Pike; run thence North 55° 30 minutes West along the southerly line of said Fleming tract 223 feet; thence North 34° 30 minutes East 471.40 feet to a point in the northerly line of said Fleming tract; thence South 55° 11 minutes East along said northerly line 223 feet to the northwest corner of Tract 1; thence South 34° 30 minutes West along the west line of Tract 1, a distance of 470.16 feet to the point of beginning.

Containing 2.40 acres more or less.

TRACT 3:

Beginning at a point in the southerly line of the said Fleming tract at the southwest corner of Tract 2, said beginning point being 418 feet westwardly from the west line of Old Covington Pike; run thence North 55° 30 minutes West along the southerly line of said Fleming tract 217.3 feet; thence North 34° 30 minutes East, 485.47 feet to a point in the northerly line of said Fleming tract; thence South 70° 31 minutes 30 seconds East along said northerly line 85.28 feet; thence South 35° 07 minutes 30 seconds West, 35.42 feet; thence South 55° 11 minutes East, 135.35 feet to the northwest corner of Tract 2; thence South 34° 30 minutes West along the west line of Tract 2, a distance of 471.40 feet to the point of beginning.

Containing 2.40 acres more or less.

TRACT 4:

Beginning at a point in the southerly line of the Fleming tract at the southwest corner of Tract 3, said beginning point being 635.3 feet westwardly from the west line of Old Covington Pike; run thence North 55° 30 minutes West along the southerly line of said Fleming tract 230 feet; thence North 34° 30 minutes East, 423.74 feet to a point in the northerly line of said Fleming tract; thence South 70° 31 minutes 30 seconds East along said northerly line 238.14 feet to the northwest corner of Tract 3; thence South 34° 30 minutes West along the west line of Tract 3, a distance of 485.47 feet to the point of beginning.

Containing 2.40 acres more or less.

TRACT 5:

Beginning at a point in the southerly line of the Fleming tract at the southwest corner of Tract 4, said beginning point being 855.3 feet westwardly from the west line of Old Covington Pike; run thence North 55° 30 minutes West along the southerly line of said Fleming tract 269 feet to a point in the northerly line of said Fleming tract; thence North 34° 30 minutes East 351.53 feet to a point in the northerly line of said Fleming tract; thence South 70° 31 minutes 30 seconds East along said northerly line 278.52 feet to the northwest corner of Tract 4; thence South 34° 30 minutes West along the west line of Tract 4, a distance of 423.74 feet to the point of beginning.

Containing 2.40 acres more or less.

15.00
351.50

Geminsu

STATE OF TENNESSEE, COUNTY OF SHELBY:

T1 9701

Before me, the undersigned Notary Public in the State and County aforesaid, personally appeared Pauline with whom I am personally acquainted and who, upon oath, acknowledged himself to be the President of METHODIST HOSPITALS OF MEMPHIS the within named bargainor, a corporation, and that he as such Pauline President, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as such Pauline President.

WITNESS my hand and Official Seal at office this 10th day of March, 1982.

My commission expires 1/1/83



State Tax \$ 336.00
0.50

DEED OF TRUST

RECORDING DATA ONLY

Register's Fee \$ _____

Mail Tax Bills to
(Person or Agency responsible for payment of taxes):

Recording Fee \$ 15.00

Total \$ 351.50

T. G. # 244958 - WHI

Return to: Mid-South Title Insurance Corporation

COMPLIMENTS OF MID-SOUTH TITLE INSURANCE CORPORATION

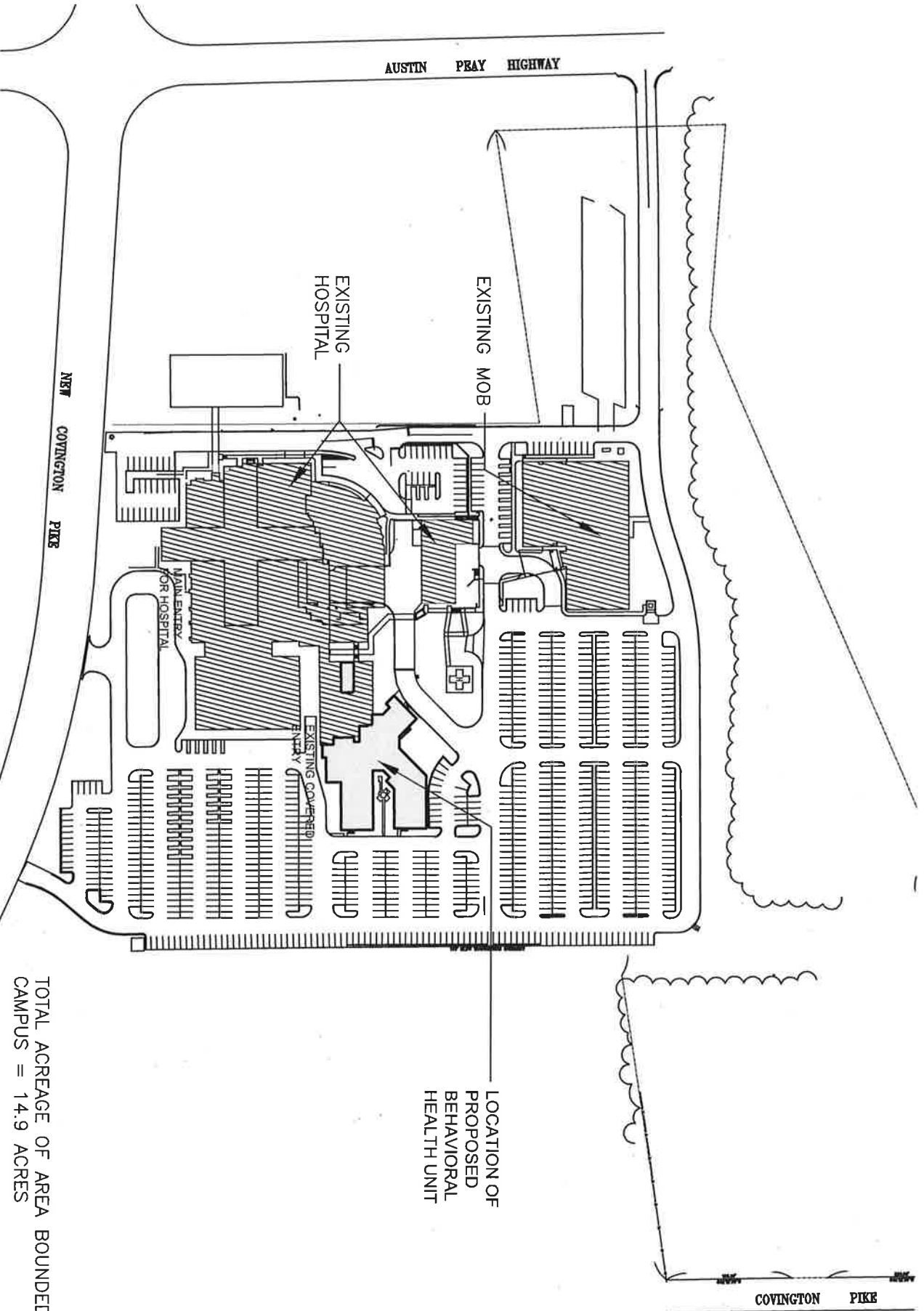


A Title Policy is a Vital Policy

Revised April, 1979
First Mortgage
Form 258

A:6B-1
Plot Plan

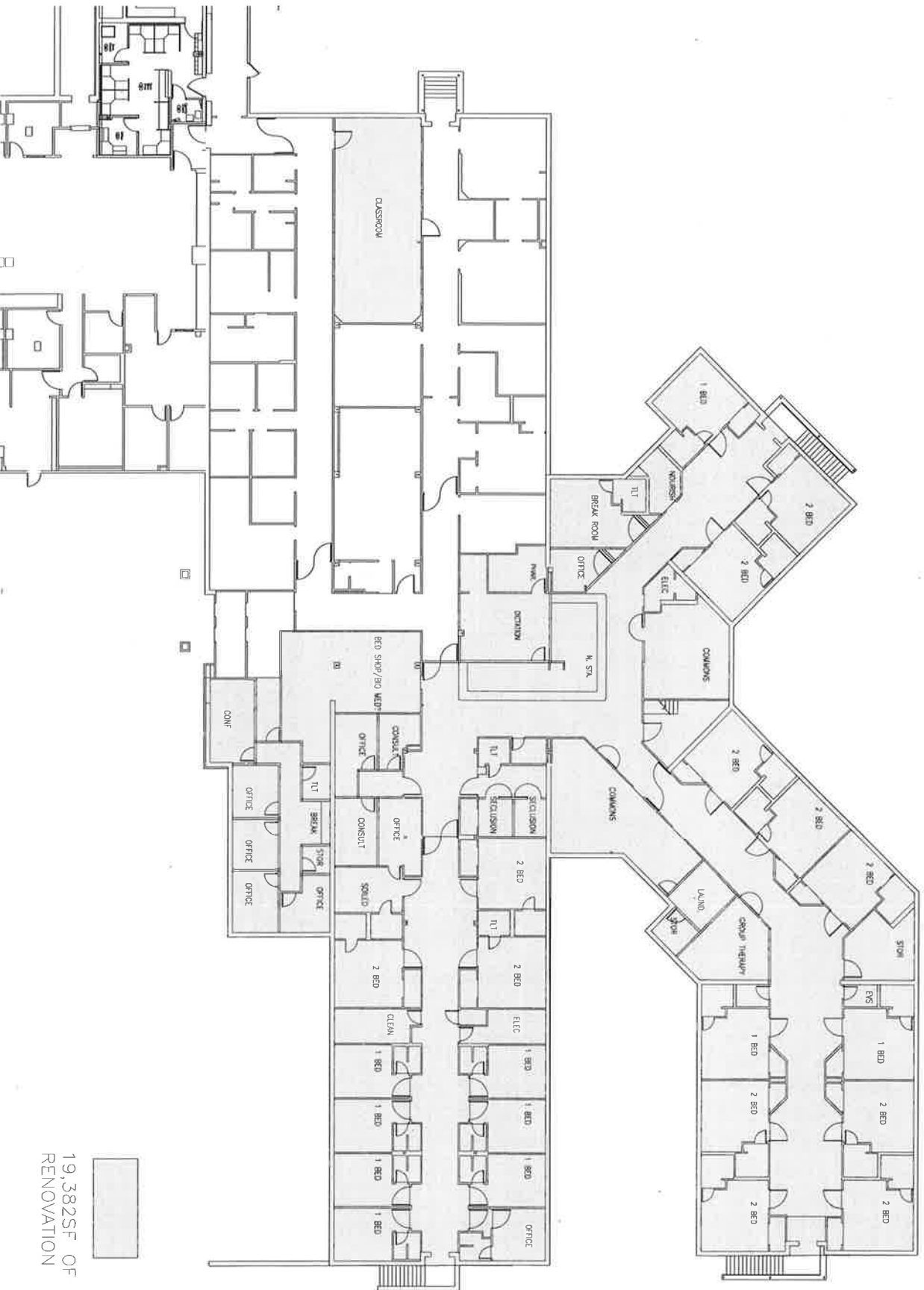
Site Plan



TOTAL ACREAGE OF AREA BOUNDED OF CAMPUS = 14.9 ACRES

A:6B-2
Floor Plans

Floor Plan

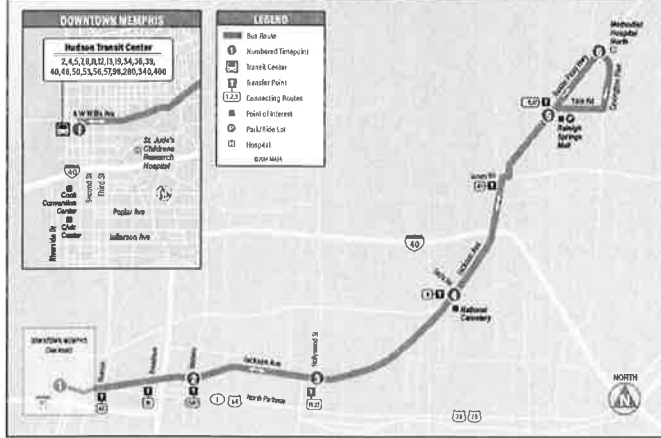


19,382SF OF
RENOVATION

A:6B-3

Public Transportation Routes

Jackson

**MONDAY - FRIDAY - OUTBOUND FROM DOWNTOWN**

	① Hudson Transit Center	② Jackson Ave at Walkins St	③ Jackson Ave at Hollywood St	④ Memphis National Cemetary	⑤ Austin Peay Hwy at Yale Rd	⑥ Methodist Hospital North
AM	5:00	5:10	5:17	5:24	5:33	5:39
	5:45	5:55	6:02	6:09	6:18	6:24
	6:00	6:10	6:17	6:24	6:33	6:39
	6:15	6:25	6:32	6:39	6:48	6:54
	6:30	6:40	6:47	6:54	7:03	7:09
	6:45	6:55	7:02	7:09	7:18	7:24
	7:00	7:10	7:17	7:24	7:33	7:39
	7:15	7:25	7:32	7:39	7:48	7:54
	7:30	7:40	7:47	7:54	8:03	8:09
	7:45	7:55	8:02	8:09	8:18	8:24
	8:00	8:10	8:17	8:24	8:33	8:39
	8:15	8:25	8:32	8:39	8:48	8:54
	8:30	8:40	8:47	8:54	9:03	9:09
	9:00	9:10	9:17	9:24	9:33	9:39
	9:30	9:40	9:47	9:54	10:03	10:09
10:00	10:10	10:17	10:24	10:33	10:39	
10:30	10:40	10:47	10:54	11:03	11:09	
11:00	11:10	11:17	11:24	11:33	11:39	
PM	11:30	11:40	11:47	11:54	12:03	12:09
	12:00	12:10	12:17	12:24	12:33	12:39
	12:30	12:40	12:47	12:54	1:03	1:09
	1:00	1:10	1:17	1:24	1:33	1:39
	1:30	1:40	1:47	1:54	2:03	2:09
	2:00	2:10	2:17	2:24	2:33	2:39
	2:30	2:40	2:47	2:54	3:03	3:09
	3:00	3:10	3:17	3:24	3:33	3:39
	3:15	3:25	3:32	3:39	3:48	3:54
	3:30	3:40	3:47	3:54	4:03	4:09
	3:45	3:55	4:02	4:09	4:18	4:24
	4:00	4:10	4:17	4:24	4:33	4:39
	4:15	4:25	4:32	4:39	4:48	4:54
	4:30	4:40	4:47	4:54	5:03	5:09
	4:45	4:55	5:02	5:09	5:18	5:24
5:00	5:10	5:17	5:24	5:33	5:39	
5:15	5:25	5:32	5:39	5:48	5:54	
5:30	5:40	5:47	5:54	6:03	6:09	
5:45	5:55	6:02	6:09	6:18	6:24	
6:00	6:10	6:17	6:24	6:33	6:39	
6:15	6:25	6:32	6:39	6:48	6:54	
6:30	6:40	6:47	6:54	7:03	7:09	
6:45	6:55	7:02	7:09	7:18	7:24	
6:15	6:25	6:32	6:39	6:48	6:54	
9:45	9:55	10:02	10:09	10:18	10:24	
11:15	11:25	11:31	11:36	11:45	11:51	

MONDAY - FRIDAY - INBOUND TO DOWNTOWN

	6	5	4	3	2	1
	Methodist Hospital North	Austin Pay Hwy at Yale Rd	Memphis National Cemetery	Jackson Ave at Hollywood St	Jackson Ave at Watkins St	Hudson Transit Center
AM	5:03	5:09	5:18	5:26	5:33	5:43
	5:48	5:54	6:03	6:11	6:18	6:28
	6:33	6:39	6:48	6:56	7:03	7:13
	6:48	6:54	7:03	7:11	7:18	7:28
	7:03	7:09	7:18	7:26	7:33	7:43
	7:18	7:24	7:33	7:41	7:48	7:58
	7:33	7:39	7:48	7:56	8:03	8:13
	7:48	7:54	8:03	8:11	8:18	8:28
	8:03	8:09	8:18	8:26	8:33	8:43
	8:18	8:24	8:33	8:41	8:48	8:58
	8:33	8:39	8:48	8:56	9:03	9:13
	8:48	8:54	9:03	9:11	9:18	9:28
	9:03	9:09	9:18	9:26	9:33	9:43
	9:18	9:24	9:33	9:41	9:48	9:58
	9:48	9:54	10:03	10:11	10:18	10:28
	10:18	10:24	10:33	10:41	10:48	10:58
	10:48	10:54	11:03	11:11	11:18	11:28
	11:18	11:24	11:33	11:41	11:48	11:58
	11:48	11:54	12:03	12:11	12:18	12:28
PM	12:18	12:24	12:33	12:41	12:48	12:58
	12:48	12:54	1:03	1:11	1:18	1:28
	1:18	1:24	1:33	1:41	1:48	1:58
	1:48	1:54	2:03	2:11	2:18	2:28
	2:18	2:24	2:33	2:41	2:48	2:58
	2:48	2:54	3:03	3:11	3:18	3:28
	3:18	3:24	3:33	3:41	3:48	3:58
	3:33	3:39	3:48	3:56	4:03	4:13
	3:48	3:54	4:03	4:11	4:18	4:28
	4:03	4:09	4:18	4:26	4:33	4:43
	4:18	4:24	4:33	4:41	4:48	4:58
	4:33	4:39	4:48	4:56	5:03	5:13
	4:48	4:54	5:03	5:11	5:18	5:28
	5:03	5:09	5:18	5:26	5:33	5:43
	5:18	5:24	5:33	5:41	5:48	5:58
	5:33	5:39	5:48	5:56	6:03	6:13
	5:58	6:04	6:13	6:21	6:28	6:38
	6:13	6:19	6:28	6:36	6:43	6:53
	6:28	6:34	6:43	6:51	6:58	7:08
	6:43	6:49	6:58	7:06	7:13	7:23
	6:58	7:04	7:13	7:21	7:28	7:38
	7:13	7:19	7:28	7:36	7:43	7:53
	7:28	7:34	7:43	7:51	7:58	8:08
	7:43	7:49	7:58	8:06	8:13	8:23
	7:58	8:04	8:13	8:21	8:28	8:38
	8:13	8:19	8:28	8:36	8:43	8:53
	8:28	8:34	8:43	8:51	8:58	9:08
	8:43	8:49	8:58	9:06	9:13	9:23
	8:58	9:04	9:13	9:21	9:28	9:38
	9:13	9:19	9:28	9:36	9:43	9:53
	9:28	9:34	9:43	9:51	9:58	10:08
	9:43	9:49	9:58	10:06	10:13	10:23
	9:58	10:04	10:13	10:21	10:28	10:38
	10:13	10:19	10:28	10:36	10:43	10:53
	10:28	10:34	10:43	10:51	10:58	11:08
	10:43	10:49	10:58	11:06	11:13	11:23
	10:58	11:04	11:13	11:21	11:28	11:38
	11:13	11:19	11:28	11:36	11:43	11:53
	11:28	11:34	11:43	11:51	11:58	12:08
	11:43	11:49	11:58	12:06	12:13	12:23
	11:58	12:04	12:13	12:21	12:28	12:38

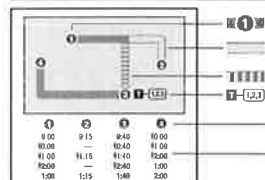
SATURDAY - OUTBOUND FROM DOWNTOWN						
	1 Hudson Transit Center	2 Jackson Ave at Walkins St	3 Jackson Ave at Hollywood St	4 Memphis National Cemetery	5 Austin Peay Hwy at Yale Rd	6 Methodist Hospital North
AM	6:15 7:00 7:45 8:30 9:15 10:00 10:45 11:30	6:25 7:10 7:55 8:40 9:25 10:10 10:55 11:40	6:32 7:17 8:02 8:47 9:32 10:17 11:02 11:47	6:39 7:24 8:09 8:54 9:39 10:24 11:09 11:54	6:48 7:33 8:18 9:03 9:48 10:33 11:18 12:03	6:54 7:39 8:24 9:09 9:54 10:39 11:24 12:09
PM	12:15 1:00 1:45 2:30 3:15 4:00 4:45 5:30 6:15 7:00 7:45 8:15 9:15	12:25 1:10 1:55 2:40 3:25 4:10 4:55 5:40 6:25 7:10 7:55 8:25 9:25	12:32 1:17 2:02 2:47 3:32 4:17 5:02 5:47 6:32 7:17 8:02 8:32 9:32	12:39 1:24 2:09 2:54 3:39 4:24 5:09 5:54 6:39 7:24 8:09 8:39 9:39	12:48 1:33 2:18 3:03 3:48 4:33 5:18 6:03 6:48 7:33 8:18 8:48 9:48	12:54 1:39 2:24 3:09 3:54 4:39 5:24 6:09 6:54 7:39 8:24 8:54 9:54

SATURDAY - INBOUND TO DOWNTOWN						
	6 Methodist Hospital North	5 Austin Peay Hwy at Yale Rd	4 Memphis National Cemetery	3 Jackson Ave at Hollywood St	2 Jackson Ave at Walkins St	1 Hudson Transit Center
AM	5:30 6:15 7:00 7:45 8:30 9:15 10:00 10:45 11:30 12:15	5:36 6:21 7:06 7:51 8:36 9:21 10:06 10:51 11:36 12:21	5:45 6:30 7:15 8:00 8:45 9:30 10:15 11:00 11:45 12:30	5:53 6:38 7:23 8:08 8:53 9:38 10:23 11:08 11:53 12:38	6:00 6:45 7:30 8:15 9:00 9:45 10:30 11:15 12:00 12:45	6:10 6:55 7:40 8:25 9:10 9:55 10:40 11:25 12:10 12:55
PM	1:00 1:45 2:30 3:15 4:00 4:45 5:30 6:15 7:00 7:45 8:30 10:00	1:06 1:51 2:36 3:21 4:06 4:51 5:36 6:21 7:06 7:51 8:36 10:06	1:15 2:00 2:45 3:30 4:15 5:00 5:45 6:30 7:15 8:00 8:45 10:15	1:23 2:08 2:53 3:38 4:23 5:08 5:53 6:38 7:23 8:08 8:53 10:23	1:30 2:15 3:00 3:45 4:30 5:15 6:00 6:45 7:30 8:15 9:00 10:30	1:40 2:25 3:10 3:55 4:40 5:25 6:10 6:55 7:40 8:25 9:10 10:40

SUNDAY - OUTBOUND FROM DOWNTOWN						
	1 Hudson Transit Center	2 Jackson Ave at Watkins St	3 Jackson Ave at Hollywood St	4 Memphis National Cemetery	5 Austin Peay Hwy at Yale Rd	6 Methodist Hospital North
AM	6:15 9:45 11:15	6:25 9:55 11:25	6:32 10:02 11:32	6:39 10:09 11:39	6:48 10:18 11:48	6:54 10:24 11:54
PM	12:45 2:15 3:45 5:15	12:55 2:25 3:55 5:25	1:02 2:32 4:02 5:32	1:09 2:39 4:09 5:39	1:18 2:48 4:18 5:48	1:24 2:54 4:24 5:54

SUNDAY - INBOUND TO DOWNTOWN						
	6 Methodist Hospital North	5 Austin Peay Hwy at Yale Rd	4 Memphis National Cemetery	3 Jackson Ave at Hollywood St	2 Jackson Ave at Walkins St	1 Hudson Transit Center
AM	7:30 9:00 10:30 12:00	7:36 9:06 10:36 12:06	7:45 9:15 10:45 12:15	7:53 9:23 10:53 12:23	8:00 9:30 11:00 12:30	8:10 9:40 11:10 12:40
PM	1:30 3:00 4:30	1:36 3:06 4:36	1:45 3:15 4:45	1:53 3:23 4:53	2:00 3:30 5:00	2:10 3:40 5:10

INSTRUCTIONS



- The bus stops at this location at listed times.
- Look for the column of times below the matching symbol in the schedule.
- Only certain trips operate along this portion of the route.
- See the schedule for trips that provide service here.
- The bus operates express along this portion of the route.
- Transfer point, Shows where this bus intersects with other routes that are available for transfer.
- The bus stops at the times listed below the numbered symbol.
- Light times are A.M.; bold times are P.M.
- The timetable shows when the bus is scheduled to depart.
- Actual departure times may vary and depend upon traffic and weather conditions.
- Arrive at the bus stop about 10 minutes early to avoid missing the bus.

MATA FARES		EFFECTIVE: DECEMBER 4, 2011
Adult Base Fare	\$1.75	
Student (Valid ID)	\$1.25	
Senior (65 & older)	\$1.25	
Transfer (Valid ID)	\$1.25	
Express (Valid ID)	\$2.25	
Zone 1 (Base)	\$1.75	
Zone 2 (Base)	\$2.25	
Zone 3 (Base)	\$2.75	
Zone 4 (Base)	\$3.25	
Zone 5 (Base)	\$3.75	
Zone 6 (Base)	\$4.25	
Zone 7 (Base)	\$4.75	
Zone 8 (Base)	\$5.25	
Zone 9 (Base)	\$5.75	
Zone 10 (Base)	\$6.25	
Zone 11 (Base)	\$6.75	
Zone 12 (Base)	\$7.25	
Zone 13 (Base)	\$7.75	
Zone 14 (Base)	\$8.25	
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Zone 29 (Base)	\$15.75	
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Zone 245 (Base)	\$123.75	
Zone 246 (Base)	\$124.25	
Zone 247 (Base)	\$124.75	
Zone 248 (Base)	\$125.25	
Zone 249 (Base)	\$125.75	
Zone 250 (Base)	\$126.25	
Zone 251 (Base)	\$126.75	
Zone 252 (Base)	\$127.25	
Zone 253 (Base)	\$127.75	
Zone 254 (Base)	\$128.25	
Zone 255 (Base)	\$128.75	
Zone 256 (Base)	\$129.25	
Zone 257 (Base)	\$129.75	
Zone 258 (Base)	\$130.25	
Zone 259 (Base)	\$130.75	
Zone 260 (Base)	\$131.25	
Zone 261 (Base)	\$131.75	
Zone 262 (Base)	\$132.25	
Zone 263 (Base)	\$132.75	
Zone 264 (Base)	\$133.25	
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Zone 266 (Base)	\$134.25	
Zone 267 (Base)	\$134.75	
Zone 268 (Base)	\$135.25	
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Zone 270 (Base)	\$136.25	
Zone 271 (Base)	\$136.75	
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Zone 280 (Base)	\$141.25	
Zone 281 (Base)	\$141.75	
Zone 282 (Base)	\$142.25	
Zone 283 (Base)	\$142.75	
Zone 284 (Base)	\$143.25	
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Zone 294 (Base)	\$148.25	
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Zone 302 (Base)	\$152.25	
Zone 303 (Base)	\$152.75	
Zone 304 (Base)	\$153.25	
Zone 305 (Base)	\$153.75	
Zone 306 (Base)	\$154.25	
Zone 307 (Base)	\$154.75	
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Zone 313 (Base)	\$157.75	
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Zone 320 (Base)	\$161.25	
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Zone 336 (Base)	\$169.25	
Zone 337 (Base)	\$169.75	
Zone 338 (Base)	\$170.25	
Zone 339 (Base)	\$170.75	
Zone 340 (Base)	\$171.25	
Zone 341 (Base)	\$171.75	
Zone 342 (Base)	\$172.25	
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Zone 344 (Base)	\$173.25	
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Zone 353 (Base)	\$177.75	
Zone 354 (Base)	\$178.25	
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Zone 367 (Base)	\$184.75	
Zone 368 (Base)	\$185.25	
Zone 369 (Base)	\$185.75	
Zone 370 (Base)	\$186.25	
Zone 371 (Base)	\$186.75	
Zone 372 (Base)	\$187.25	
Zone 373 (Base)	\$187.75	
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Zone 381 (Base)	\$191.75	
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Zone 383 (Base)	\$192.75	
Zone 384 (Base)	\$193.25	
Zone 385 (Base)	\$193.75	
Zone 386 (Base)	\$194.25	
Zone 387 (Base)	\$194.75	
Zone 388 (Base)	\$195.25	
Zone 389 (Base)	\$195.75	
Zone 390 (Base)	\$196.25	
Zone 391 (Base)	\$196.75	
Zone 392 (Base)	\$197.25	
Zone 393 (Base)	\$197.75	
Zone 394 (Base)	\$198.25	
Zone 395 (Base)	\$198.75	
Zone 396 (Base)	\$199.25	
Zone 397 (Base)	\$199.75	
Zone 398 (Base)	\$200.25	
Zone 399 (Base)	\$200.75	
Zone 400 (Base)	\$201.25	
Zone 401 (Base)	\$201.75	
Zone 402 (Base)	\$202.25	
Zone 403 (Base)	\$202.75	
Zone 404 (Base)	\$203.25	
Zone 405 (Base)</		

B: Economic Feasibility A5
Documentation of Construction Cost Estimate

September 8, 2017
Commission No.: 2017552

Methodist Le Bonheur Healthcare
Richard Kelley
1350 Concourse Ave Suite 668
Memphis, TN 38104

Re: Verification of Construction Cost Estimate –
Relocation of Behavioral Health Unit to Methodist North Hospital,
Memphis, Tennessee

Dear Richard:

We have reviewed the construction cost estimates and descriptions for the project in the CON packet and compared them to typical construction costs we have experienced in the Mid South region for healthcare construction.

We believe that in today's dollar the projected cost of construction of \$1.7 million is consistent with the costs value for this scope of work and other similar projects in this market. The budget includes \$1.4 million for construction, \$0.2 million in contingency and \$0.1 million in design fees. While specific finish choices and market conditions can greatly affect the cost of any project, the costs assumed in the estimate appear adequate for mid range finishes used in a healthcare environment for the scope of work for the Behavioral Health Unit the ground floor of Methodist North Hospital.

In providing opinions of probable construction cost, the Client understands the Consultant has no control over the cost or availability of labor, equipment or material, or over market conditions or the Contractor's method of pricing and that the Consultant's opinions of probable construction costs are made on the basis of the Consultants professional judgment and experience. The consultant makes no warranty, express or implied, that the bids or the negotiated cost of the work will not vary from the Consultant's opinion of probable construction cost.

This facility will be designed in accordance with all applicable codes, regulations and guidelines required and in accordance with equipment manufacturer's specifications at the proposed location of the Behavioral Health Unit at Methodist North Hospital.

Please let me know if you require additional information.

Sincerely,

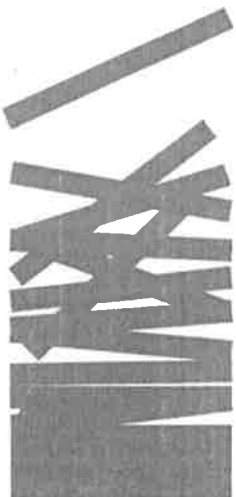
brg3s



Susan Golden
Architect

11 W. Huling Avenue
Memphis, Tennessee 38103
t 901.260.9600
f 901.531.8042
w brg3s.com

brg3s



B: Economic Feasibility B6
Documentation of Availability of Funding



Methodist
Healthcare

September 12, 2017

Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This is to certify that Methodist Healthcare – Memphis Hospitals has adequate financial resources for the Methodist North Hospital Relocation of Psychiatric Inpatient Unit project. The applicant, Methodist Healthcare – Memphis Hospitals, is a not-for-profit corporation that operates five Shelby County hospitals under a single license. The applicant is a wholly-owned subsidiary of a broader parent organization, Methodist Le Bonheur Healthcare, which is a not-for-profit corporation with ownership and operating interests in multiple other healthcare facilities of several types in West Tennessee, North Mississippi and East Arkansas. Cash is held at the corporate level. Methodist Le Bonheur Healthcare has available cash balances to commit to this project. The capital cost of the project is estimated at \$2,295,000.

Sincerely,

Chris McLean
Chief Administrative Officer

B: Economic Feasibility F1
Audit Report and Financial Statements



METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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Combined Statements of Cash Flows for the years ended December 31, 2016 and 2015	5
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KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

The Board of Directors
Methodist Le Bonheur Healthcare:

We have audited the accompanying combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheets as of December 31, 2016 and 2015, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Methodist Le Bonheur Healthcare and Affiliates as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Memphis, Tennessee
April 28, 2017

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Balance Sheets

December 31, 2016 and 2015

(In thousands)

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 67,239	137,461
Investments	927,314	853,076
Assets limited as to use – current portion	796	650
Net patient accounts receivable	231,441	216,351
Other current assets	89,262	75,005
Total current assets	1,316,052	1,282,543
Assets limited as to use, less current portion	32,798	36,485
Property and equipment, net	954,533	921,000
Other assets	52,977	41,139
Total assets	\$ 2,356,360	2,281,167
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 82,350	100,758
Accrued expenses	98,289	92,265
Due to third-party payors, net	10,148	101
Long-term debt – current portion	19,971	17,046
Total current liabilities	210,758	210,170
Long-term debt, less current portion	507,432	540,821
Estimated professional and general liability costs	11,353	11,210
Accrued pension cost	115,434	112,841
Other long-term liabilities	66,282	73,020
Total liabilities	911,259	948,062
Net assets:		
Unrestricted	1,410,314	1,305,124
Temporarily restricted	28,899	22,150
Permanently restricted	3,641	3,641
Total net assets attributable to Methodist Le Bonheur Healthcare	1,442,854	1,330,915
Noncontrolling interests	2,247	2,190
Total net assets	1,445,101	1,333,105
Commitments and contingencies		
Total liabilities and net assets	\$ 2,356,360	2,281,167

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Operations

Years ended December 31, 2016 and 2015

(In thousands)

	2016	2015
Unrestricted revenues and other support:		
Net patient service revenue	\$ 1,932,456	1,882,749
Provision for uncollectible accounts	(170,637)	(163,509)
Net patient service revenue less provision for uncollectible accounts	1,761,819	1,719,240
Other revenue	160,585	142,789
Net assets released from restrictions used for operations	11,635	11,451
Total unrestricted revenues and other support	1,934,039	1,873,480
Expenses:		
Salaries and benefits	949,554	876,746
Supplies and other	792,126	735,515
Depreciation and amortization	108,286	106,017
Interest	20,608	25,489
Total expenses	1,870,554	1,743,767
Operating income	63,485	129,713
Nonoperating gains (losses):		
Investment income, net	25,017	36,925
Change in fair value of interest rate swaps	6,578	1,012
Unrealized gain (loss) on trading securities, net	20,608	(28,732)
Loss on refunding of long-term debt	(8,610)	—
Total nonoperating gains, net	43,593	9,205
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interests	107,078	138,918
Noncontrolling interests	(1,426)	(1,535)
Revenues, gains and other support in excess of expenses and losses	105,652	137,383
Other changes in unrestricted net assets:		
Accrued pension cost adjustments	(2,593)	5,671
Other	21	—
Net assets released from restrictions used for capital purposes	2,110	2,394
Change in unrestricted net assets	\$ 105,190	145,448

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Changes in Net Assets

Years ended December 31, 2016 and 2015

(In thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Noncontrolling interests</u>	<u>Total</u>
Balances at December 31, 2014	\$ 1,159,676	24,597	3,704	2,498	1,190,475
Revenues, gains and other support in excess of expenses and losses	137,383	—	—	1,535	138,918
Distributions to minority shareholders	—	—	—	(1,843)	(1,843)
Accrued pension cost adjustments	5,671	—	—	—	5,671
Donor-restricted gifts, grants, and bequests	—	11,551	(63)	—	11,488
Investment income, net	—	(153)	—	—	(153)
Net assets released from restrictions used for operations	—	(11,451)	—	—	(11,451)
Net assets released from restrictions used for capital purposes	2,394	(2,394)	—	—	—
Change in net assets	145,448	(2,447)	(63)	(308)	142,630
Balances at December 31, 2015	1,305,124	22,150	3,641	2,190	1,333,105
Revenues, gains and other support in excess of expenses and losses	105,652	—	—	1,426	107,078
Distributions to minority shareholders	—	—	—	(1,369)	(1,369)
Accrued pension cost adjustments	(2,593)	—	—	—	(2,593)
Donor-restricted gifts, grants, and bequests	—	18,216	—	—	18,216
Investment income, net	—	2,278	—	—	2,278
Other	21	—	—	—	21
Net assets released from restrictions used for operations	—	(11,835)	—	—	(11,835)
Net assets released from restrictions used for capital purposes	2,110	(2,110)	—	—	—
Change in net assets	105,190	6,749	—	57	111,996
Balances at December 31, 2016	\$ 1,410,314	28,899	3,641	2,247	1,445,101

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Cash Flows

Years ended December 31, 2016 and 2015

(In thousands)

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 111,996	142,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,266	106,017
Unrealized and realized (gain) loss on trading securities, net	(22,387)	14,758
Change in fair value of interest rate swaps	(6,578)	(1,012)
Provision for uncollectible accounts	170,637	163,509
Restricted contributions and investment income	(3,143)	(1,272)
Equity in net loss of equity investees	7,344	9,017
Impairment of land	570	110
Gain on disposal of property and equipment	(376)	(21)
Accrued pension cost adjustments	2,593	(5,671)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(185,727)	(165,826)
Other current assets	(14,257)	(13,312)
Other assets	(19,851)	(3,011)
Accounts payable, accrued expenses and due to third-party payors	(2,354)	(5,350)
Other long-term liabilities, estimated professional and general liability costs and accrued pension costs	(17)	(7,196)
Net cash provided by operating activities	146,716	233,370
Cash flows from investing activities:		
Capital expenditures	(142,141)	(125,854)
Proceeds from sales of property and equipment	944	328
Sales of investments and assets limited as to use	1,980,415	1,735,527
Purchases of investments and assets limited as to use	(2,028,725)	(1,822,371)
Purchase of businesses	(716)	—
Net cash used in investing activities	(190,223)	(212,370)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	119,675	552
Repayment of long-term debt	(19,763)	(15,492)
Cash defeasance of debt	(129,770)	—
Restricted contributions and investment income	3,143	1,272
Net cash used in financing activities	(26,715)	(13,668)
Net (decrease) increase in cash and cash equivalents	(70,222)	7,332
Cash and cash equivalents at beginning of year	137,481	130,129
Cash and cash equivalents at end of year	\$ 67,239	137,461

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies

Methodist Le Bonheur Healthcare and Affiliates (the System) is a not-for-profit healthcare system providing a continuum of healthcare services primarily to residents of Memphis, West Tennessee, North Mississippi, and East Arkansas through its acute care and specialty care facilities. The System operates six hospitals, a hospice residence and a home health agency, with over 13,200 employees and 1,680 licensed beds. The significant accounting policies used by the System in preparing and presenting its combined financial statements follow:

(a) Principles of Combination

The accompanying combined financial statements include Methodist Le Bonheur Healthcare (Methodist Le Bonheur), all affiliates for which Methodist Le Bonheur or its board of directors is the controlling member, and its wholly owned subsidiaries. Such affiliates and subsidiaries of the System include:

- Methodist Healthcare – Memphis Hospitals (Methodist Healthcare – University Hospital, North Hospital, South Hospital, Germantown Hospital and Le Bonheur Children's Hospital);
- Methodist Healthcare – Fayette Hospital (closed in fiscal year 2015);
- Methodist Healthcare – Olive Branch Hospital;
- Alliance Health Services, Inc.;
- Methodist Extended Care Hospital, Inc. (closed in fiscal year 2016);
- Methodist Le Bonheur Healthcare Foundation (comprised of Methodist Healthcare Foundation, Le Bonheur Children's Hospital Foundation, and Le Bonheur Community Health and Well-Being);
- Methodist Healthcare Community Care Associates;
- Methodist Healthcare Primary Care Associates; and
- Ambulatory Operations, Inc.

ASU 2010-07 also requires that noncontrolling ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the combined balance sheets within net assets, but separate from the entity's net assets. In addition, ASU 2010-07 requires that a combined statement of changes in net assets attributable to the entity and noncontrolling interests be provided for each class of net assets for which a noncontrolling interest exists during the reporting period.

All significant intercompany balances and transactions have been eliminated in combination.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

B: Orderly Development D
License from Board of Licensing Health Care Facilities and
Licensure Survey

Board for Licensing Health Care Facilities



State of Tennessee

No. of Beds 0000000109
1583

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to
METHODIST HEALTHCARE - MEMPHISHOSPITALS *to conduct and maintain a*

Hospital METHODIST HEALTHCARE - MEMPHIS HOSPITALS
Located at 1265 UNION AVENUE, MEMPHIS
County of SHELBY, *Tennessee.*

This license shall expire SEPTEMBER 14, 2018, *and is subject*
to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,
and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the
laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 24TH *day of* AUGUST, 2017.

In the Distinct Category(ies) of: GENERAL HOSPITAL
PEDIATRIC PRIMARY HOSPITAL



By James J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES
By M. J. Dyer
COMMISSIONER

C: Orderly Development D1
DNV Accreditation Letter and Certificate

March 7, 2017

Michael Ugwueke
Chief Executive Officer
Methodist Healthcare Memphis Hospitals
d/b/a Methodist University Hospital
1265 Union Avenue
Memphis, TN 38104

Program: Hospital
CCN: 440049
Survey Type: Medicare Recertification/ DNVHC First DNV Initial
Certificate #: 215075-2017-AHC-USA-NIAHO
Survey Dates: January 24-26, 2017
Accreditation Decision: Full accreditation
Date Acceptable Plan of Correction Received: 2/27/2017
Method of Follow-up: Acceptable Plan of Correction,
Self- Attestation, Document Review
Effective Date of Accreditation: 2/27/2017
Expiration Date of Accreditation: 2/27/2020
Term of Accreditation: Three (3) years

Dear Mr. Ugwueke:

Pursuant to the authority granted to DNV GL Healthcare USA, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, Methodist Healthcare Memphis Hospitals d/b/a Methodist University Hospital is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482) and awarded full accreditation for a three (3) year term effective on the date referenced above DNV GL Healthcare USA, Inc. is recommending your organization for continued deemed status in the Medicare Program.

This accreditation is applicable to all facilities operating under the above-referenced CCN number at the following address(es):

Methodist Healthcare Memphis Hospitals d/b/a Methodist University Hospital - 1265 Union Avenue - Memphis, TN 38104
Le Bonheur Children's Hospital - 848 Adams Street - Memphis, TN 38103
Methodist Le Bonheur Germantown Hospital - 7691 Poplar Avenue - Germantown, TN 38138
Methodist North Hospital - 3960 New Covington Pike - Memphis, TN 38128
Methodist South Hospital - 1300 Wesley Drive - Memphis, TN 38116
Methodist Diagnostic Center - Midtown - 1801 Union Avenue - Memphis, TN 38104
Methodist Medical Group & MHMH GI Lab (DBA: Southwind Medical Specialists) - 3725 Champion Hills Drive Suite 2000 & 2400 - Memphis, TN 38125
South Comprehensive Wound Healing Center - 1251 Wesley Drive Suite 107 - Memphis, TN 38125
North Comprehensive Wound Healing Center - 3950 New Covington Pike Suite 350 - Memphis, TN 38128
Sutherland Cardiology & Methodist Germantown Diagnostic Group (DBA: Sutherland Cardiology Clinic & Cardiovascular Outpatient Diagnostic Center) - 7460 Wolf River Boulevard - Germantown, TN 38138
Methodist Diagnostic Center - Germantown - 1377 South Germantown Road - Germantown, TN 38183
Le Bonheur Outpatient Rehab - 980 Poplar Avenue - Memphis, TN 38103
Le Bonheur Urgent Care - Hacks Cross - 8071 Winchester Road Suite 2 - Memphis, TN 38125
Methodist Healthcare Outpatient Services (DBA: West Cancer Center) - 240 Grandview Drive - Brighton, TN 38011
Methodist Healthcare Outpatient Services & Methodist Mobile Mammography (DBA: West Cancer Center) - 7945 Wolf River Boulevard - Germantown, TN 38011
Methodist Healthcare Outpatient Services (DBA: West Cancer Center) - 1588 Union Avenue - Memphis, TN 38104

Methodist Healthcare Outpatient Services (DBA: West Cancer Center) - 7668 Airways Blvd - Southaven, MS 38671

Methodist Healthcare Outpatient Services (DBA: Margaret West Screening Breast Center) - 1381 S. Germantown Rd - Germantown, TN 38183

Methodist Sleep Disorders Center - 5050 Poplar Avenue Suite 300 - Memphis, TN 38157

Methodist Medical Group (DBA: Arthritis Group) - 1211 Union Avenue - Suite 200 - Memphis, TN 38104

Methodist Medical Group (DBA: Bartlett Internal Medicine) - 6570 Summer Oaks Cove - Bartlett, TN 38134

Methodist Medical Group (DBA: Comprehensive Primary Care) - 76 Capital Way #C - Atoka, TN 38004

Methodist Medical Group (DBA: Covington Pike Medical) - 3789 Covington Pike - Bartlett, TN 38135

Methodist Medical Group (DBA: Eastmoreland Internal Medicine) - 1325 Eastmoreland #245 - Memphis, TN 38104

Methodist Medical Group (DBA: Endocrinology Clinic) - 6401 Poplar Avenue Suite 400 - Memphis, TN 38119

Methodist Medical Group (DBA: Foundation Medical Group) - 7690 Wolf River Circle - Germantown, TN 38138

Methodist Medical Group (DBA: Germantown Internal Medicine Associates) - 7796 Wolf Trail Cove #201 - Germantown, TN 38138

Methodist Medical Group (DBA: Methodist Medical Group -Highland) - 3473 Poplar Avenue #103 - Memphis, TN 38111

Methodist Medical Group (DBA: Kraus Internal Medicine) - 7550 Wolf River Boulevard #103 - Germantown, TN 38138

Methodist Medical Group (DBA: Lakeland Family Medicine) - 2961 Canada Road #105 - Lakeland, TN 38002

Methodist Medical Group (DBA: MidSouth Family Medicine--Bartlett) - 2589 Appling Road #101 - Bartlett, TN 38133

Methodist Medical Group (DBA: MidSouth Family Medicine--Country Village) - 8115 Country Village - Cordova, TN 38016

Methodist Medical Group (DBA: MidSouth Family Medicine--Stonecreek) - 9047 Poplar Avenue #105 - Germantown, TN 38138

Methodist Medical Group (DBA: Midtown Internal Medicine) - 1533 Union Avenue - Memphis, TN 38104

Methodist Medical Group (DBA: Motley Internal Medicine Group) - 1264 Wesley Drive #606 - Memphis, TN 38116

Methodist Medical Group (DBA: Peabody Family Care) - 1325 Eastmoreland #150 - Memphis, TN 38104

Methodist Medical Group (DBA: PennMarc Internal Medicine) - 6401 Poplar Avenue #400 - Memphis, TN 38119

Methodist Medical Group (DBA: Southwind Medical Specialists--Sanderlin) - 5182 Sanderlin #3 - Memphis, TN 38117

Sutherland Cardiology (DBA: Sutherland Cardiology Clinic--North) - 3950 New Covington Pike Suite 220 - Memphis, TN 38117

Methodist Medical Group (DBA: The Internal Medicine Clinic) - 3950 New Covington Pike #110 - Memphis, TN 38104

UT Methodist Physicians (DBA: UTMP Surgical Oncology) - 1211 Union Avenue Suite 300 - Memphis, TN 38104

UT Methodist Physicians (DBA: UTMP Surgical Oncology) - 7945 Wolf River Boulevard Suite 280 - Germantown, TN 38138

UT Methodist Physicians (DBA: UTMP Multidisciplinary Clinic) - 57 Germantown Court #100 - Memphis, TN 38018

UT Methodist Physicians (DBA: UTMP Multidisciplinary Clinic) - 1251 Wesley Drive Suite 151 - Memphis, TN 38116
UT Methodist Physicians (DBA: UTMP Multidisciplinary Clinic) - 1325 Eastmoreland Suite 370 - Memphis, TN 38104
Methodist Healthcare Outpatient Services (DBA: West Cancer Center) - 1936 W. Poplar Ave. - Collierville, TN 38017
Methodist University Specialty Clinic & Sickle Cell Clinic - 1325 Eastmoreland Suite 101 - Memphis, TN 38104
Methodist Le Bonheur Healthcare Germantown Hospital Rehab and Outpatient Cardiac Rehab - 6560 Poplar Avenue - Memphis, TN 38138
Le Bonheur Outpatient Center - 51 N. Dunlap - Memphis, TN 38105
Le Bonheur Outpatient Center East - 100 North Humphreys Blvd. - Memphis, TN 38120
Methodist Medical Group (DBA: Brighton Family Medicine) - 1880 Old Hwy. 51 S. #C - Brighton, TN 38011
Methodist Healthcare Outpatient Services (DBA: West Cancer Center) - 1211 Union Suite 400 - Memphis, TN 38104
UT Methodist Physicians (DBA: UTMP Cardiology) - 1211 Union Avenue #965 - Memphis, TN 38104
UT Methodist Physicians (DBA: UTMP Cardiology) - 1251 Wesley Drive Suite 153 - Memphis, TN 38116

This accreditation requires an annual survey and the organization's continual compliance with the DNVHC Accreditation Process. Failure to complete these actions or otherwise comply with your Management System Certification/Accreditation Agreement may result in a change in your organization's accreditation status.

Congratulations on this significant achievement.

Sincerely,



Patrick Horine
Chief Executive Officer
cc: CMS CO and CMS RO IV (Atlanta)

CERTIFICATE OF ACCREDITATION

Certificate No.:
215075-2017-AHC-USA-NIAHO

Initial date:
2/27/2017

Valid until:
2/27/2020

This is to certify that:

Methodist Healthcare – Memphis Hospitals

1265 Union Avenue, Memphis, TN 38104

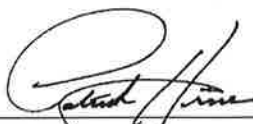
has been found to comply with the requirements of the:

NIAHO® Hospital Accreditation Program

Pursuant to the authority granted to DNV GL Healthcare USA, Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, this organization is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482).

This certificate is valid for a period of three (3) years from the Effective Date of Accreditation.

For the Accreditation Body:
DNV GL - Healthcare
Katy, TX



Patrick Horine
Chief Executive Officer



C: Orderly Development D2
CMS Letter of Compliance

RECEIVED
4-11-16

Methodist Compliance Department of Health & Human
Services
Centers for Medicare & Medicaid Services
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-8909
Ref S Methodist 44-0049



Important Notice – Please Read Carefully

April 8, 2016

Mr. Michael Ugwueke, Administrator
Methodist Healthcare Memphis Hospitals
1265 Union Ave Suite 700
Memphis, TN 38104

RE: CCN 34-1322

Dear Mr. Ugwueke

Based on the acceptable Plan of Correction and findings at a follow-up survey ending on April 5, 2016, it has been determined that your hospital is now in full compliance with the Medicare Conditions of Participation. There were no deficiencies cited. We are rescinding the termination action of the March 7, 2016, and the amended letter, restoring your hospital's deemed status and removing it from State monitoring. Methodist Healthcare Memphis Hospitals will continue as a provider of services under the Medicare program.

We have notified all appropriate parties of this action. If you have any questions or concerns, please contact Rosemary L. Robinson at (404) 562-7405.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rosemary L. Robinson', is written over the typed name.

Sandra M. Pace
Associate Regional Administrator
Division of Survey & Certification

CC: State Agency
JC

C: Proof of Publication

Proof of Publication

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Legal Notices

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1001 et seq., and the Rules of the Health Services and Development Agency, that Methodist Healthcare - Memphis Hospitals dba Methodist North Hospital (a general hospital, owned and managed by Methodist Healthcare - Memphis Hospitals) is not for profit, corporate entity, intends to file an application for a Certificate of Need for the relocation of 34 licensed adult psychiatric beds. The beds are currently located at 1285 Union Avenue, Memphis, TN 38104 on the Methodist University Hospital campus. Methodist Healthcare - Memphis Hospitals proposes to move them to 3950 New Covington Pike, Memphis, TN 38128 on the Methodist North Hospital campus. Both hospitals are operated under the Methodist Healthcare - Memphis Hospitals license and total licensed beds for the system will not change. There will be renovation of 18,978 square feet of space to accommodate the relocated psychiatric beds and services. The project does not contain any major medical equipment or initiate or discontinue any health services, and it will not affect any other licensed bed complements. The estimated project cost is \$2,250,000.

The anticipated date of filing the application is on or before September 16, 2017. The contact person for this project is Carol Weidenhoffer, Senior Director of Planning and Business Development, who may be reached at Methodist Le Bonheur Healthcare, 1211 Union Avenue, Suite 895, Memphis, TN 38104, 901-516-0973.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 8th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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Legal Notices

The Commercial Appeal Sunday, September 10, 2017 5C

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ATTACHMENT F

NET INCOME (LOSS)	\$ (484)	\$ 1,098	\$ 1,206
G. Other Deductions			
1. Annual Principal Debt Repayment	\$	\$	\$
2. Annual Capital Expenditure			
Total Other Deductions	\$	\$	\$
NET BALANCE	\$ (484)	\$ 1,098	\$ 1,206
DEPRECIATION	\$ 19	\$ 21	\$ 14
FREE CASH FLOW (Net Balance + Depreciation)	\$ (465)	\$ 1,118	\$ 1,220

☐ Total Facility
☒ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u> <u>In 000's</u>		<u>Year 2014</u>	<u>Year 2015</u>	<u>Year 2016</u>
1.	Benefits	\$760	\$720	\$710
2.	Contract Labor	30	31	40
3.	Repairs and Maintenance	51	53	68
4.	Professional Fees	122	127	162
5.	Contract Services	155	161	205
6.	Utilities	31	33	42
7.	Insurance	26	28	35
8.	Laundry Services	8	9	11
9.	Print Shop	2	2	2
10.	Telephone	6	6	8
11.	Contributions	9	10	13
12.	License/Accreditations Fees	1	1	2
13.	Postage/Freight	4	4	6
	Total Other Expenses	\$1,208	\$1,186	\$1,302

ATTACHMENT G



September 22, 2017

Alliance Healthcare Services

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street – 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing this letter to pledge strong support for Methodist Healthcare – Memphis Hospitals Certificate of Need to relocate their 34-bed inpatient psychiatric unit to the Methodist North Hospital. I am the CEO of Alliance Healthcare Services which is the largest comprehensive mental health provider in Shelby County offering outpatient services, the mobile crisis unit, crisis stabilization services, medically managed detox services and respite care. Alliance Healthcare has been the behavioral health consultation liaison for Methodist Le Bonheur Healthcare for 7 years. Alliance Healthcare Services supports Methodist's commitment to continue to provide psychiatric services in the new location at Methodist North Hospital.

Alliance Healthcare Services operates crisis services for mental health disorders in the Shelby County services area, and Methodist is an essential inpatient provider in the regional adult care continuum. Many of the chronic mental health patients who are initially treated through Alliance Healthcare's crisis services are admitted to the inpatient unit at Methodist. The inpatient unit treats a significant number of our mentally disabled patients in need of acute medical needs. The unit provides the stabilizing medical-surgical care and psychiatric services needed for this population through high quality assessments, evidenced-based therapeutic interventions and timely discharge with coordinated care to other providers in the community.

Methodist is a long-term partner in the health care needs of the mentally disabled in the local community, and we support the relocation of their program. The new location at Methodist North will expand the space allocated for the behavioral health service line, improve security and privacy for admissions to the unit and sustain a needed resource in the Shelby County community. We appreciate your consideration and request approval of this application.

Sincerely,

Gene Lawrence
CEO, Alliance Healthcare Services

2150 Whitney Avenue Memphis, TN 38127 901.353.5440	2100 Whitney Avenue Memphis, TN 38127 901.353.5440	2579 Douglass Avenue Memphis, TN 38114 901.369.1480	3628 Summer Avenue Memphis, TN 38122 901.452.6941	4088 Summer Avenue Memphis, TN 38122 901.458.4553	3810 Winchester Road Memphis, TN 38118 901.369.1400	951 Court Avenue Memphis, TN 38103 901.577.9400
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September 22, 2017

Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street – 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as support for Methodist Healthcare – Memphis Hospitals' Certificate of Need to relocate their 34-bed inpatient psychiatric unit from the Methodist University campus to Methodist North. I am the CEO of Lakeside Behavioral Health System which has been a premier provider of specialized behavioral health care and addiction services in the Mid-South since 1969. Lakeside operates the largest freestanding facility in the region on a 37-acre campus on the outskirts of Memphis in Shelby County, Tennessee. Our comprehensive behavioral health services include inpatient, intensive outpatient, partial hospitalization and residential treatments for all ages. Lakeside fully supports Methodist's continued commitment to inpatient psychiatric services and the planned relocation to the Methodist North Hospital.

Methodist is an important contributor in the behavioral health continuum of care and a solid partner through their long-term commitment to treat the severely and persistently mentally ill population. The psychiatric inpatient unit at Methodist has been opened for over 40 years and at one time was managed by Lakeside Behavioral Health System. While Lakeside accepts referrals from all healthcare providers in the service area, this historical connection is the basis for strong referral patterns between the two entities and effective coordination of care for shared patients. The inpatient services will be enhanced in the new location on the Methodist North campus with added space for existing services and improved secured, controlled access with the separate, yet adjoining building adjacent to general hospital services. The relocation of the psychiatric unit reaffirms Methodist's commitment to the provision of behavioral health services at Methodist North Hospital.

We support Methodist in their request to relocate existing psychiatric services, and request your consideration and approval of the application.

Sincerely,



Joy Golden
Chief Executive Officer
Lakeside Behavioral Health System



State of Tennessee
Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

October 1, 2017

Carol Weidenhoffer
Methodist Le Bonheur Healthcare
1211 Union Avenue, Suite 865
Memphis, TN 38104

RE: Certificate of Need Application – Methodist Healthcare-Memphis Hospitals dba Methodist North Hospital - CN1709-029

The relocation of a 34 licensed bed adult psychiatric inpatient unit currently located at the Methodist University Hospital campus at 1265 Union Avenue in Memphis (Shelby County), TN 38104 to the Methodist North Hospital campus located at 3960 New Covington Pike, Memphis (Shelby County), TN 38128. The applicant is owned by Methodist Healthcare. The estimated project cost is \$2,295,000.

Dear Ms. Weidenhoffer:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 30-day review cycle for **CONSENT CALENDAR** this project will begin on October 1, 2017. The first (30) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the (30)-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 13, 2017.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (3) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (4) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA
cc: Marthagem Whitlock, TDMHSAS



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: October 1, 2017

RE: Certificate of Need Application
Methodist Healthcare-Memphis Hospitals dba Methodist North
Hospital - CN1709-029
CONSENT CALENDAR

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a **CONSENT CALENDAR** thirty (30) day review period to begin on October 1, 2017 and end on November 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Carol Weidenhoffer



Methodist
Healthcare

SEP 07 AM 10:16

September 7, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Le Bonheur Healthcare, centered in Shelby County, is one of Tennessee's largest healthcare providers. Methodist Healthcare's principal acute care subsidiary organization is Methodist Healthcare--Memphis Hospitals that owns and operates five Shelby County hospitals. Methodist North Hospital is the 246-bed adult facility located in the northern quadrant of the Methodist service area. Methodist North is filing a Certificate of Need for the relocation of the 34-bed Methodist Psych inpatient unit currently located on the Methodist University Hospital campus to the Methodist North campus. As a result of extensive renovation and modernization plans approved by CN1602-009 for Methodist University, the building currently housing the Psych unit is scheduled to be demolished in 2019. Methodist North is the optimal location for the relocated service and beds.

Enclosed in triplicate is the corrected Letter of Intent for this project. The corrected Publication of Intent for this project will be filed in the Commercial Appeal on September 10, 2017. The anticipated filing date for the application is September 15, 2017. Please let us know if you have any questions or need additional information.

Sincerely,

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger



LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper of general circulation in Shelby County, Tennessee, on or before September 8, 2017 for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Methodist Healthcare - Memphis Hospitals dba Methodist North Hospital (a general hospital), owned and managed by Methodist Healthcare - Memphis Hospitals (a not for profit corporation), intends to file an application for a Certificate of Need for the relocation of 34 licensed adult psychiatric beds. The beds are currently located at 1265 Union Avenue, Memphis, TN 38104 on the Methodist University Hospital campus. Methodist Healthcare - Memphis Hospitals proposes to move them to 3960 New Covington Pike, Memphis, TN 38128 on the Methodist North Hospital campus. Both hospitals are operated under the Methodist Healthcare - Memphis Hospitals license and total licensed beds for the System will not change. There will be renovation of 18,976 square feet of space to accommodate the relocated psychiatric beds and services. The project does not contain any major medical equipment or initiate or discontinue any health service; and it will not affect any other licensed bed complements. The estimated project cost is \$2,295,000

The anticipated date of filing the application is on or before September 15, 2017. The contact person for this project is Carol Weidenhoffer, Senior Director of Planning and Business Development, who may be reached at: Methodist Le Bonheur Healthcare, 1211 Union Avenue, Suite 865, Memphis, TN, 38104, 901-516-0679.

Carol Weidenhoffer
(Signature)

9/7/17
(Date)

carol.weidenhoffer@mlh.org
(E-mail Address)

=====

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day** of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

Supplemental #1

Methodist Healthcare-
Memphis Hospitals dba
Methodist North Hospital

CN1709-029



Methodist
Healthcare

SUPPLEMENTAL #1

September 25, 2017

10:09 am

SEP 25 '17 AM 10:09

September 22, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare--Memphis Hospitals dba Methodist North Hospital filed CN1709-029 to relocate Methodist's psychiatric unit on September 15, 2017. It was noted in the supplemental questions received September 21, 2017 (question #13) that a page numbering issue caused the last several pages of the Application to be omitted in the initial filing. Please see the missing pages attached as discussed with Phillip Earhart. The full, original renumbered Application was emailed in response to supplementals on September 21, 2017 as well.

Per discussions with Phillip, the full application with attachments and all other responses to supplementals will be mailed to you early next week before the deadline.

Enclosed in triplicate are the missing pages. Thank you. Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Carol Weidenhoffer".

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

September 25, 2017

10:09 am

AFFIDAVIT

SEP 25 '17 AM 10:09

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22 day of September, 2017,
witness my hand at office in the County of Shelby, State of Tennessee.


NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019.

HF-0043

Revised 7/02



- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

There is no new construction. The building on the North campus will be renovated with new finishes and fixtures including architectural features to reduce ligature risk and prevent patients from harming themselves. Renovations are minimal.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

- **The Methodist Healthcare-Memphis Hospitals' license includes five hospitals-**
 - **Methodist University Hospital**
 - **Methodist South Hospital**
 - **Methodist North Hospital**
 - **Methodist Le Bonheur Germantown Hospital**
 - **Le Bonheur Children's Hospital**
- **Additionally, Methodist Healthcare-Memphis Hospitals owns and operates Methodist Alliance Services, a comprehensive home care company, and a wide array of other ambulatory services such as urgent care centers and ambulatory surgery centers.**
- **Methodist Healthcare is part of the University Medical Center Alliance which also includes the University of Tennessee and the Memphis Regional Medical Center (The Med). The goal of this council is to support the quality of care, patient safety and efficiency across all three institutions.**
- **There are also agreements with the Mid-South Tissue Bank, the Mid-South Transplant Foundation, and PhyAmerica.**
- **Methodist Healthcare has working relationships with the following physician groups:**
 - **The West Clinic**
 - **UT Medical Group, Inc.**
 - **UT Le Bonheur Pediatric Specialists**
 - **Campbell Clinic Orthopaedics**
 - **Pediatric Anesthesiologists PA**
 - **Pediatric Emergency Specialists PC**
 - **Semmes-Murphey Neurologic and Spine Institute**
 - **Methodist Primary and Specialty Care Groups**

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

September 25, 2017**10:09 am**1) Positive Effects

The proposed project will have a positive impact on the Shelby County health care community. The project is the relocation of established psychiatric services and affirms Methodist's commitment to continue to provide psychiatric services in the service area in a larger, newly renovated space.

2) Negative Effects

The project will not negatively affect any providers in the service area. These are existing Methodist beds which will be relocated within the same hospital system less than 14 miles away.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Currently, Methodist's psychiatric beds are located and operated at Methodist University Hospital. With this proposed relocation not only would the beds be relocated, but all the clinical leadership, professional staff, and accessibility to human resources would be relocated as well.

The applicant projects a total of 27.91 associated in the project's first full calendar year of operation. All current staff will be relocated along with the beds and service to the proposed location. FTEs are not added with this project.

September 25, 2017**10:09 am**

- 2) Verify that the applicant has reviewed and understands all licensing and certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant so verifies. Methodist North Hospital reviewed and meets all the State requirements for physician supervision, credentialing, admission privileges, and quality assurance policies and programs, utilization review policies and programs, record keeping and staff education.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Methodist Healthcare has clinical affiliation agreements with multiple colleges including twenty for nursing, thirty for rehabilitation service professionals (physical therapy, speech therapy, and audiology), three for pharmacy, and almost twenty for other allied health professionals including paramedics, laboratory, respiratory therapy, radiation therapy technicians.

Methodist participates very heavily in the training of students from various medical disciplines. Since relationships exist with most of the schools in Memphis, most of the students have also been trained academically in this region. The three primary disciplines that participate in the training of students at Methodist are medicine, nursing and psychosocial services.

In the area of medicine, there are many different specialties represented in the interns and residents who train at Methodist – there are more than twenty different specialties. Likewise, since there are several nursing schools in the area, Methodist is very active in the training of future nurses. These nurses come from several types of programs, which include Bachelor's Degrees, Associate Degrees, Licensed Practical Nurse programs and Diploma programs. Methodist participates in training of students from the following schools:

**Methodist Healthcare
University of Tennessee
University of Memphis
Northwest Mississippi Jr. College**

**Baptist Health System
Regional Medical Center
Southwest Tennessee Community College
Tennessee Centers of Technology**

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: State of Tennessee Hospital Licensure Survey in 2008 (see Attachment Orderly Development D for current license and Licensure Survey)

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare Hospital

Accreditation (i.e., Joint Commission, CARF, etc.): DNV GL-Healthcare

September 25, 2017**10:09 am**

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.
 - **Full accreditation by DNV-GL Healthcare; Effective: 2/27/2017 – 2/27/2020 (see Attachment Orderly Development D1 for accreditation letter and certificate)**
- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.
 - **See Attachment Orderly Development D1 for accreditation letter and certificate**
- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

In March 2016 we received a notice of 23-day termination proceedings related to inappropriate use of force by a security officer at Methodist North Hospital. The hospital's Plan of Correction was accepted by CMS, and the follow-up survey on 4/5/2016 determined we were in full compliance with the Medicare Conditions of Participation (see Attachment Orderly Development D2 for CMS Letter of Compliance).

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

Under the leadership of a newly appointed system director of Environmental Health and Security, the hospital instituted an ongoing QAPI program for the Security Department. In addition, policies and procedures, training and competency for security officers were standardized.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

There is no person (s) or entity with more than 5% ownership (direct or indirect) in the applicant.

- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

There is no entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

There is no physician or other provider of health care, or administrator employed

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by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

There is no Final Order or Judgment in a state licensure action.

b) Criminal fines in cases involving a Federal or State health care offense;

There are no criminal fines in cases involving a Federal or State health care offense.

c) Civil monetary penalties in cases involving a Federal or State health care offense;

There are no civil monetary penalties in cases involving a Federal or State health care offense.

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

There are no administrative monetary penalties in cases involving a Federal or State health care offense.

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

There is no agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services.

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

There is no Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

There is presently no subject of/to an investigation, regulatory action, or party in any civil or criminal action of which we are aware.

h) Is presently subject to a corporate integrity agreement.

The applicant is not presently subject to a corporate integrity agreement.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
CN1503- 008	MH- South ED Expansion and Renovation	6/24/2015	7/2017	7/13/2017	8/1/2018
CN-1602-009	MH- University Onsite Replacement and Modernization of Hospital Campus	5/25/2016	8/2017	7/13/2017	7/1/2020

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

- **CN1503- 008 (MH- South ED Expansion and Renovation) was scheduled in four phases: Phase 1: Helipad relocation; Phase 2: New construction of expanded ED; and Phase 3 & 4: Phased renovation of existing ED. All Phases are 100% complete. The hospital is working with the State of Tennessee for final approval this month. The project will be complete August 2017. The project is within the proposed budget.**
- **CN-1602-009 (MH- University Onsite Replacement and Modernization of Hospital Campus) is scheduled in two phases: 1) Renovation of existing hospital and 2) Construction of new tower. The design for the project is 100% complete. The project is on schedule and within proposed budget. The overall completion date for the entire project is December 2019.**

G. Equipment Registry – For the applicant and all entities in common ownership **September 25, 2017**

10:09 am

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? 3/30/2017
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? 3/30/2017

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant will annually report continued need and appropriate quality measures as the Agency sees fit.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
This project involves relocating already existing licensed beds in the same county within the same hospital system. Methodist has improved the health of the community with these beds for over 40 years and wants to continue to do so.
- B. People in Tennessee should have access to health care and the conditions to achieve optimal health.
By relocating these beds, Methodist will be able to utilize a space that is attached to our facility but is contained as a singular space. There is a covered entrance and close parking as well as easy access for support services such as EVS, Security, Food and Nutrition. The unit will continue to be connected to a general hospital to serve additional medical needs. Methodist also has a strong referral network that is able to connect patients to other providers so that they can achieve optimal health and continued care.
- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
Methodist continues to encourage economic efficiencies with the patients that they current see and will continue to do so if this application is approved. This project was the more cost effective location and less disruptive option for the relocation. The

proposed location is attached to the main hospital but contained as singular space. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and security. Renovations on the North campus were less extensive since it is a separate space.

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- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

The applicant's 34 psychiatric beds have been in operation for over 40 years. The longevity of this unit and program is evidence that this facility provides high quality healthcare and its standards are monitored on an ongoing basis. The applicant provides a quality improvement program that includes outcomes and process monitoring systems and currently reports all quality metrics to DNV. The applicant is engaged in reporting this data on an ongoing and regular basis.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

Methodist Healthcare has clinical affiliation agreements with multiple colleges including twenty-three for nursing, thirty for rehabilitation service professionals (physical therapy, speech therapy, and audiology), three for pharmacy, and nineteen for other allied health professionals including paramedics, laboratory, respiratory therapy, radiation therapy technicians. These affiliations represent the dedication that Methodist has to supporting the efforts of developing, recruiting, and retaining sufficient and quality associates.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

See the Project Completion Forecast Chart on the following page.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Not applicable

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PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		12/2017
2. Architectural and engineering contract signed	30	1/2018
3. Construction documents approved by the Tennessee Department of Health	60	7/2018
4. Construction contract signed	15	7/2018
5. Building permit secured	15	8/2018
6. Site preparation completed	NA	NA
7. Building construction commenced	180 total	12/2018
8. Construction 40% complete	90	2/2019
9. Construction 80% complete	160	5/2019
10. Construction 100% complete (approved for occupancy)	180	6/2019
11. *Issuance of License	30	7/2019
12. *Issuance of Service	30	7/2019
13. Final Architectural Certification of Payment	1	9/2019
14. Final Project Report Form submitted (Form HR0055)	1	9/2019

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

Supplemental #1 Part Two

Methodist Healthcare-
Memphis Hospitals dba
Methodist North Hospital

CN1709-029

SEP 26 '17 PM 1:24

SUPPLEMENTAL #1

Part Two

September 26, 2017

1:24 pm

**METHODIST HEALTHCARE—
MEMPHIS HOSPITALS**

**SUPPLEMENTAL RESPONSE
CN1709-029**

**METHODIST NORTH HOSPITAL
PSYCHIATRIC UNIT
RELOCATION**

MEMPHIS, SHELBY COUNTY

Filed September 2017

September 26, 2017

1:24 pm

AFFIDAVIT

SEP 26 '17 PM 1:24

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones, President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of September 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019

HF-0043

Revised 7/02



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1. Section A. Executive Summary, A. Overview, Description (1) Page 2

The applicant notes the project will add 34 licensed beds equaling 11 private and 22 semi-private beds to the Methodist North campus. However, the private and semi-private beds total 33, not 34. Please clarify.

Please see corrected page 2 in Attachment A. This is a typo. This application is for 10 private and 24 semi-private beds totaling 34 psychiatric beds. Please see Attachment A:6B-2 for the Floor Plans submitted with the original application for the configuration and attached again for reference as part of Attachment A.

Please indicate the number of semi-private and private rooms at the current 34 bed psychiatric unit.

The current unit on the Methodist University campus has the same mix of private and semi-private beds with 10 private and 24 semi-private. This is a relocation of all existing services as currently configured.

Where were the psych beds proposed to relocate in CN1602-009? How will that space be utilized now?

Methodist originally planned to relocate the 34-bed psychiatric unit to twelfth and thirteenth floors in the Thomas building on the Methodist University campus as documented in CN1602-009. As noted throughout this application, the location on the Methodist North campus is a better footprint for the psychiatric environment of care. The space on the Methodist University campus will be converted into administrative offices and expansion of research space. As noted in CN1602-009, the older buildings on the Methodist University campus present challenges to the patient experience and the patient and family approach to care. The Thomas wing was originally built in 1966 and recent plans propose to repurpose the building for non-clinical departments.

2. Section A. Executive Summary, A. Overview, Project Cost (5) Page 3

The applicant notes the estimated project cost is \$2,292,551. However, the Project Cost Chart lists the cost as \$2,295,000. Please clarify.

Please see corrected page 3 in Attachment B. This is a typo. The correct total Project Cost is \$2,295,000.

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3. Section A. Executive Summary, B. Rationale for Approval, (1) Need Page 4

The applicant references the Crisis Assessment Center. Please describe the Crisis Assessment Center and what entity operates it.

The Crisis Assessment Center is operated by Alliance Healthcare Services. The Crisis Center provides a 24/7 crisis intervention hotline and referral, including mobile crisis assessment services, crisis respite services and crisis stabilization services. The Crisis Center provides pre-screening for mental health services, mobile crisis team and emergency outpatient clinic for residents of Shelby County ages 18 and over. Please see Attachment C for a statewide map of Crisis Services posted by the Tennessee Department of Mental Health and Substance Abuse Services.

Also see a Letter of Support from Alliance Healthcare Services in Attachment G.

Since the majority of the patients served are under Age 65, please explain in more detail how SPMI patients who are psychiatrically disabled adults qualify for Medicare.

Medicare is available for certain people with disabilities who are under age 65. Medicare coverage and full benefits are the same for people who qualify based on disability as well as those who qualify based on their age. Coverage includes any hospital, nursing home, home health, physician and community-based services. People with dementia, mental illness, and other long term and chronic conditions are covered under Medicare not by age, but by disability. SPMI is considered to be a mental health disability and is covered under Medicare.

4. Section A. Executive Summary, B. Rationale for Approval, (2) Economic Feasibility, Page 4

The applicant notes the proposed beds will be licensed by the DNV. What does the acronym DNV represent?

DNV stands for Det Norske Veritas. Please see the description below from their website (<http://dnvglhealthcare.com/accreditations/hospital-accreditation>).

"The requirements of the DNV GL - International Healthcare Accreditation are based upon those in our NIAHO® standards that have been approved by the US Government's Centers for Medicare and Medicaid (CMS). The International requirements have been adapted so as to have applicability

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internationally, with sensitivity to local laws, practices and regulations, and have been accredited by ISQua. Our approach integrates proven quality and risk management principles with specific clinical and physical environment requirements."

5. Section A, Project Details, Item 10 Bed Complement Data Page 9

With respect to the design of the patient rooms, what is the AIA recommended patient room size for the psychiatric unit and how does it compare to room size at the existing hospital and the proposed site?

The 2010 edition of Guidelines for Design and Construction of Healthcare Facilities 2.5-2.2.2.2 currently enforced by State of Tennessee states:

"(1) Patient rooms shall have a minimum clear floor area of 100 square feet (9.29 square meters) for single bed rooms and 80 square feet (7.43 square meters) per bed for multiple-bed rooms."

The room sizes at Methodist University and those proposed at Methodist North exceed these minimum guidelines.

The rooms currently in operation at Methodist University are 171 square feet (sf) for private rooms (single bed) and 209 sf per room (or approximately 105 sf per bed) for semi-private.

Much of the room configuration in the proposed building at Methodist North was kept intact to control renovation cost, therefore, there are two proposed room sizes for private rooms. Seven private rooms are 149 sf and three private rooms are 227 sf. The smaller private rooms are still 1.5 times the recommended floor area. The semi-private rooms are 227 sf per room (or approximately 114 sf per bed). The room sizes meet and exceed the recommendations.

Please indicate what the biomed (647 SF) and classroom (878 SF) renovation relates to the proposed project.

The biomed and classroom relocations and renovations are part of the project to col-locate the psychiatric administrative offices with the patient care area and ensure patient security and privacy. The classroom space is currently located in the area being renovated for the psychiatric unit. The classroom will be relocated (as noted in the floor plans filed with application and also Attachment A in this response) outside the patient care area to allow the area to be adjacent to the behavioral health unit. The classroom will move to the existing biomed location to minimize crossing of

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public/staff circulation with the behavioral health patients' circulation from the dedicated entry. Biomed will be located off the corridor to the unit.

According to the 2015 JAR, Methodist North operated at 61.9%. With 246 licensed beds that would mean on average there are 93 empty beds in the hospital. Please explain why the 34 psych. beds could not be absorbed into the existing licensed bed complement without adding licensed beds to the hospital.

The 2015 occupancy percentage calculated above does not include effective patient in-bed days. The calculation from the Joint Annual Report (JAR) shows that Methodist North operated at 61.9% of licensed beds. This calculation uses 55,560 inpatient bed days only.

Inpatient beds are also occupied by observation patients (5,592 observation days) and patients for partial days during admission or discharge processes (10,688 discharges). Depending on time of day patients arrive and time of day they depart, they are effectively using more than the counted patient days. Actual effective patient in-bed days are higher. The effective patient in-bed days are 71,840 (55,560 + 5,592 + 10,688) or 80% occupancy of licensed beds.

In addition to patients in the bed, there are additional factors that constrain capacity such as bed turnover, room cleaning and room repairs which take beds out of service for part of all of a day. Factoring in additional bed turnover raises the effective occupancy for the licensed beds at North to 85% and over 90% for staffed beds.

The higher effective occupancy rates presented above are annual averages which also do not account for seasonal spikes during busy flu and respiratory periods or busier days of the week for scheduled surgeries and procedures. Methodist does not think it is operationally prudent to absorb the 34-bed psych unit into the existing 246 licensed beds at Methodist North. Methodist proposes to maintain the total 246 licensed beds for the existing patient complement, and add the 34 transferred licensed beds for the mental health patients. As noted previously in the application, this does not add beds to the market or change the total Methodist Healthcare - Memphis Hospital license.

6. Section B. Need, Item 1 (Project Specific Criteria)

Please address questions 2 (a) and 2 (b) of the criteria for the Construction, Renovation, Expansion, and Replacement of Health Care Institutions.

Construction, Renovation, Expansion, and Replacement of Health Care Institutions:

2. For the relocation or replacement of an existing licensed health care institution:

- a) The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weakness of each alternative.
- b) The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant is presenting justification for relocation a) and b) in this response.

Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. The demolition of the Crews building - where the psychiatric unit is housed - will force the relocation of the program and beds. With the approval and plans for the University campus, there is not a renovation option where the beds are housed in the Crew wing.

Methodist is committed to maintaining psychiatric inpatient services for the community, new locations were considered. The possibilities were narrowed to the Methodist University campus in Thomas Wing, and the Methodist North campus. This project was the more cost effective location and less disruptive option for the relocation. The proposed location is attached to the main hospital but contained as singular space; it has a covered entrance and close parking. The building is isolated from the rest of the general hospital with a separate entrance. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and

The choice to relocate the 34 beds to a hospital within the same system, only 13.7 miles away, allows Methodist to serve the same community with the same resources. The full program including equipment, staff, and physicians will be relocated simultaneously.

The majority of patients admitted to the Methodist psychiatric unit are SPMI patients who are psychiatrically disabled adults with

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Medicare coverage. Methodist will continue to serve chronic, SPMI patients in this unit with onsite acute medical services to treat comorbid medical conditions. Projections show the composition of the population and mix of populations served will not change.

Methodist Healthcare-Memphis Hospitals Psychiatry Utilization and Occupancy						
	2014	2015	2016		2020	2021
Discharges	441	388	370		337	375
Days	8467	7791	7336		6640	7388
Average Daily Census	23.20	21.35	20.04		18.19	20.24
Occupancy Rate	68%	63%	59%		54%	60%

Methodist currently plays an active role in the psychiatric continuum of care in the service area with positive relationships with referral sources. The majority of the applicant's patients arrive during crisis by ambulance or as direct referrals from the Crisis Assessment Center. This relocation maintains positive referral relationships in an improved location.

7. Section B, Need, Item C, Page 20

The Historical and Projected utilization by county residents are noted. However, it appears the two tables total 371 and 337, respectively. Please clarify.

In the charts filed with the original application, there was a typo for the Other States line which created an additional rounding error in the Projected Year. Please see charts below which are corrected for this rounding. The original charts showed correct total patients served in 2016 as 370 and Projected Year 1 (2020) as 337.

	Historical (2016) Utilization- County Residents	Historical 1 (2016) % of total	Projected (Year 1-2020) Utilization- County Residents	Projected (Year 1) % of total
Shelby County	313	85%	285	85%
Other TN Counties	24	6%	22	6%
Other AR Counties	14	4%	13	4%
Other MS Counties	11	3%	10	3%
Other States	8	2%	7	2%
Total	370	100%	337	100%

8. Section B, Need, Item D (1)

The demographic variable/geographic area table is noted. However, please revise the table to reflect the years 2017 and 2021 and submit a revised page.

Please see Attachment D for the revised (renumbered to page 26 as noted below) with the demographic / geographic area table.

The page that contains the demographic variable/geographic area table is labeled as page 12. It appears the application has several duplicative page numbers and is not numbered in order. Please clarify.

Please see Attachment E which includes the full reprinted original application with attachments. The applicant copied the template from the HSDA website, but must have reset page numbers with insertions and formatting before printing. The duplicative page numbers have been corrected. The revised pages attached for other supplemental responses have been inserted in this copy as well for convenience and denoted with an 'R'.

Please clarify the target population age range.

The applicant's target population includes ages 18 years of age and up due to the SPMI disabled population plus the Medicare population served currently. There is no projected change in the patient population served.

9. Section B, Need, Item F

Patient days at the psychiatric unit declined from 8,467 in 2014 to 7,336 in 2016, or 13.4% or an average annual decrease of 6.7%. With that historical decline please explain why the applicant's unit will not expect to experience this level of decline in the future years versus its projection of being back at 2016 levels by 2021.

Methodist currently plays an active role in the psychiatric continuum of care in the service area with positive relationships with referral sources. The majority of the applicant's patients arrive during crisis by ambulance or as direct referrals from the Crisis Assessment Center. This relocation maintains positive referral relationships in an improved location.

Additional, forecast models provided by external vendor for the Shelby County psychiatric inpatient market were used to validate overall market volumes used in assumptions for projections. Psychiatric days are projected in the vendor supplied model to increase by 8% over the five year

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period (2016-21). Methodist projects no change in market share.

Methodist's knowledge of their role in the market and the projections validated by external sources led planners to project a stabilization of inpatient volumes in year 2 of the project.

Methodist Healthcare-Memphis Hospitals Psychiatry Utilization and Occupancy						
	2014	2015	2016		2020	2021
Discharges	441	388	370		337	375
Days	8467	7791	7336		6640	7388
Average Daily Census	23.20	21.35	20.04		18.19	20.24
Occupancy Rate	68%	63%	59%		54%	60%

10. Section B., Economic Feasibility Item C. (Historical Data Chart)

Historical Data Chart (Project Only) - The Year 2016 net income of \$484 on page 2 of the Historical Data Chart (project only) is noted. However, it appears the amount listed should be (\$484). Please clarify.

Please see corrected page 34 (renumbered as previously noted) in Attachment F. This is a typo.

11. Section B., Economic Feasibility Item F. (3) Capitalization Ratio

It is noted the Capitalization Ratio for MLH 2016 audited financial statement is 0.26. Please provide an explanation how this figure was computed using the formula in the application.

The formula for the Capitalization Ratio applied to Methodist Le Bonheur Healthcare 2016 Audited Financial States is below. The decimal place was incorrectly reported in the original application.

(Long-term debt / (Long-term debt + Total Equity (Net assets)) x 100).

(\$507,432,000 / (\$507,432,000 + \$1,442,854,000) X 100) = 26

12. Section B., Economic Feasibility Item H. Staffing Page 28

Please explain why the projected staffing for the relocated unit is expected to decline from current levels.

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As noted in the original application, Methodist staffs on a flexible staffing model based on the psychiatric unit's census. Year 1 projections as stated in the originally filed application and shown below for convenience reflect a slight disruption in service due to the relocation of the unit. Year 2 volumes stabilize and there is no expected decline in staffing with continued volumes.

Methodist Healthcare-Memphis Hospitals Psychiatry Utilization and Occupancy						
	2014	2015	2016		2020	2021
Discharges	441	388	370		337	375
Days	8467	7791	7336		6640	7388
Average Daily Census	23.20	21.35	20.04		18.19	20.24
Occupancy Rate	68%	63%	59%		54%	60%

Assumptions for Year 1

- 10% Utilization reduction in Year 1 due to slight disruption relocating unit.

Assumptions for Year 2

- 11% Utilization rebound in Year 2 as services stabilize and continue existing referral patterns and admission processes.

13. Section B: Contribution to the Orderly Development of Health Care, Section B: Quality Measures, Section C: State Health Plan Questions, Project Completion Forecast Chart

It is noted the applicant only addressed Item A. in Section B: Contribution to the Orderly Development of Health Care and did not address the remaining sections of the application. Please totally address the following application sections numbering each page and submit:

- Section B: Contribution to the Orderly Development of Health Care
- Section B: Quality Measures
- State Health Plan Questions
- Project Completion Forecast Chart

Please see Attachment E which includes the full reprinted original application with attachments. The applicant copied the template from the HSDA website, but must have reset page numbers with insertions and formatting before printing. The page numbering error created printing errors for the final section of the application. The missing pages were

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submitted in a supplemental response dated September 22, 2017. The pages are included in Attachment E.

14. Section B. Quality Measures

Please discuss the applicant's commitment to the proposal in meeting appropriate quality standards by addressing each of the following factors:

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

The applicant commits to maintaining a payor mix that is comparable to projections in the application. This project is the relocation of existing service with well-established referral patterns and recognized role in the regional psychiatric care continuum. Methodist is committed to serving the same patient population in this new location.

- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

The applicant commits to maintaining staffing comparable to the staffing proposed in the application. As noted in the application, Methodist plans to relocate all staff with the beds. A flexible staffing model is currently used which is based on the unit's census. The same model will remain intact at the new location.

- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

The applicant will maintain all applicable state licenses in good standing.

- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

The applicant will maintain TennCare and Medicare certifications.

- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

September 26, 2017

1:24 pm

As noted in the original application, in March 2016 we received a notice of 23-day termination proceedings related to inappropriate use of force by a security officer at Methodist North Hospital. The hospital's Plan of Correction was accepted by CMS, and the follow-up survey on 4/5/2016 determined we were in full compliance with the Medicare Conditions of Participation. Under the leadership of a newly appointed system director of Environmental Health & Security, the hospital instituted an ongoing QAPI program for the Security Department. In addition, policies and procedures, training and competency for security officers were standardized.

- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

Not applicable. The applicant has maintained full accreditation for the last three years. Methodist recently switched from Joint Commission accreditation to DNV (Det Norske Veritas) accreditation.

- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Center for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor would be acceptable if applicable.

The applicant is fully accredited by DNV. Methodist provides a quality improvement program that includes outcomes and process monitoring systems and currently reports all quality metrics to DNV. The DNV accreditation process is an annual review and assessment process.

- (q) For Inpatient Psychiatric projects:

1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;

September 26, 2017**1:24 pm**

The applicant is in compliance with the appropriate rules of the TDH and the TDMHSAS for accommodations including two restraint beds available when and if needed. The restraint beds are in separate rooms and will continue to be monitored in a one to one patient to staff ratio.

Additionally, Methodist proposes a dedicated men's and women's wing to ensure appropriate accommodations by gender. The applicant does not discriminate against different cultures or populations of people. The applicant maintains that they have a multi-diverse staff that aligns with the community.

Methodist plans on relocating all staff with these beds and services to the proposed location. The clinical / direct patient care staff for this project is currently employed by Methodist with the staffing patterns as noted below. There will be no changes to staffing patterns with this project. Methodist utilizes flexible staffing model based on the psychiatric unit's census as shown below with 12-hour RN shifts.

Number of Nursing Personnel			
Shift	RN	Aides	Other
Day	5 (12 hour shift)	2	4
Evening	1	4	
Night	3 (12 hour shift)	1	

RN Duty Roster			
Shift	SUN	MON - FRI	SAT
Day (12 hour shift)	3	5	3
Evening		1	
Night (12 hour shift)	3	3	3

- Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and

September 26, 2017

1:24 pm

The applicant provides a quality improvement program that includes outcomes and process monitoring systems and currently reports all quality metrics to DNV. The applicant is engaged in reporting this data on an ongoing and regular basis.

3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.

Not applicable. The applicant does not own or administer other psychiatric facilities.

Please see Applicant supplied Letters of Support from Alliance Healthcare Services and Lakeside Behavioral Health Systems in addition to the responses above as Attachment G. Please note these Letters of Support in the consideration of the Request for Consent Calendar.

SUPPLEMENTAL #1

Part Two

September 26, 2017

1:24 pm

ATTACHMENT A

September 26, 2017**1:24 pm****3. SECTION A: EXECUTIVE SUMMARY****A. Overview**

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
 - The project is to relocate Methodist Healthcare-Memphis Hospitals' existing 34-bed inpatient psychiatric unit from Methodist University Hospital (Shelby County) to Methodist North Hospital (Shelby County).
 - Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. A vital part of that project plan is the demolition of the Crews building – where the psychiatric unit is housed - at the corner of Union Avenue and Bellevue Boulevard to improve circulation around the campus as well as increase the visibility of the main hospital entrance.
 - This is a proposed transfer of psychiatric hospital beds within the Methodist Healthcare-Memphis Hospitals ("Methodist") system in Shelby County, with no net increase of beds in the county. Methodist has a single license for all five of its Shelby County hospitals; its total licensed acute care bed complement of 1,593 beds will not change.
 - The project will add 34 licensed beds – 10 private and 24 semi-private - to Methodist North Hospital increasing licensed beds from 246 to 280. Simultaneously, Methodist will close 34 licensed beds at Methodist University Hospital decreasing licensed beds from 617 to 583.
 - This project has been meticulously considered and planned. Consideration was given to keeping the 34-bed unit on the Methodist University Hospital campus as originally planned in CN1602-009. However after further analysis, it was determined the Methodist North campus was the optimal location.
 - The project will renovate almost 19,000 square feet of space – which is 3,000 square feet more than the unit currently occupies - on the Methodist North campus. The proposed location is a separate building attached to the main hospital but contained as singular space with a separate entrance. The secured, controlled access makes it an improved setting for the Methodist psychiatric services to ensure privacy and security.
 - The proposed location currently houses medical-surgical beds. This unit will be relocated to the fourth and fifth floors of the Methodist North hospital which is currently configured for medical-surgical beds.
- 2) Ownership structure;
 - The applicant, owner, and licensee, Methodist Healthcare-Memphis Hospitals (Methodist), is a not-for-profit corporation that operates five Shelby County hospitals under a single license. The applicant is a wholly-owned subsidiary of a broader parent organization, Methodist Healthcare, which is a not-for-profit corporation with ownership and operating interests in healthcare facilities in West Tennessee, North Mississippi and East Arkansas.
- 3) Service area;
 - Shelby County is the primary service area for this project.
 - The largest city in Shelby County is Memphis, Tennessee which is the location



SUPPLEMENTAL #1

Part Two

September 26, 2017

1:24 pm

ATTACHMENT B

of this project. The behavioral health service area for Methodist does not change with the relocation of the beds within the Memphis city limits.

September 26, 2017

- 4) Existing similar service providers;
 - The service area contains other psychiatric inpatient facilities including Delta Medical Center, Crestwyn Behavioral Health Hospital, Lakeside Behavioral Health System, St. Francis Hospital – Park and Memphis Mental Health Institute (MMHI).
 - Four of the Shelby County facilities reported 590 licensed psychiatric beds between 2013 and 2015 with overall average occupancy of 67%, 64% and 71% respectively.
 - Crestwyn Behavioral Health Hospital opened in April 2015 transferring 60 beds from two existing Shelby County facilities (Delta 20 beds and St. Francis 40 beds) with no net bed increase in the service area. There is no Joint Annual report published yet for this facility and is therefore not included in reported market statistics.
- 5) Project cost
 - The estimated project cost is \$2,295,000 which includes \$1,384,375 in construction costs.
- 6) Funding;
 - The project will be funded in cash by the applicant's parent company, Methodist Le Bonheur Healthcare. Methodist is, and will remain, financially viable.
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
 - The projections in this application show the Hospital and psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020). Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus.
- 8) Staffing
 - The applicant projects a total of 27.91 associated in the project's first full calendar year of operation. All current staff will be relocated along with the beds and service to the proposed location. FTEs are not added with this project.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) Need;
 - This application requests the relocation of Methodist's existing 34-bed psychiatric inpatient unit from Methodist University Hospital to Methodist

SUPPLEMENTAL #1

Part Two

September 26, 2017

1:24 pm

ATTACHMENT C

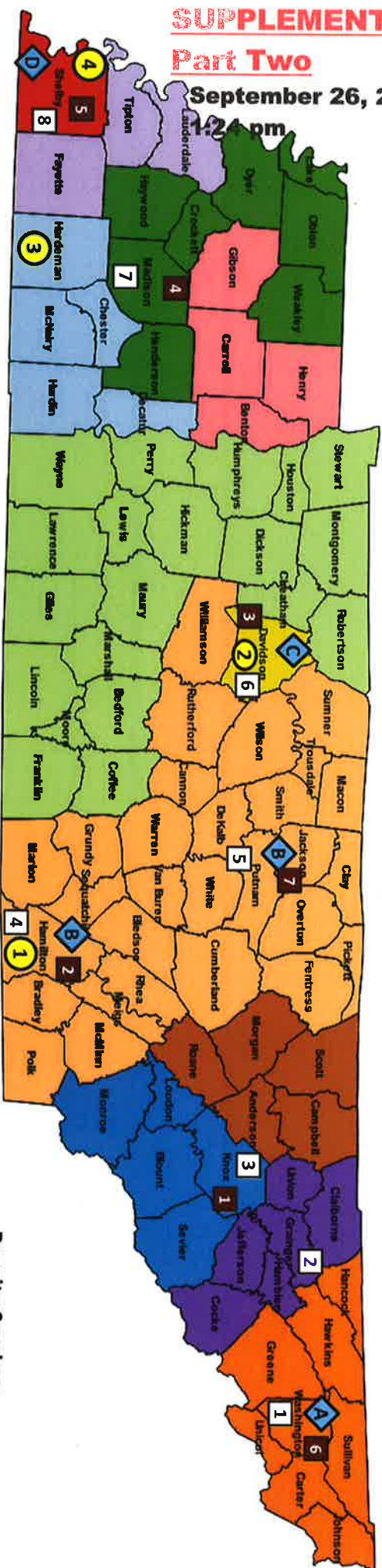
TENNESSEE CRISIS SERVICES STATEWIDE MAP

SUPPLEMENTAL #1

Part Two

September 26, 2017

1:24 pm



Mobile Crisis Teams

- Frontier Health
- Cherokee Health Systems
- Ridgeview Psychiatric Hospital & Center
- Helen Ross McNabb
- Volunteer Behavioral Health
- Mental Health Cooperative
- Centerstone Community MHC
- Carey Counseling Center
- Quinco Community MHC
- Pathways of Tennessee
- Professional Care Services
- Alliance Healthcare Services

Crisis Stabilization Units/Walk-in Center

- 1 Frontier Health
- 2 Cherokee Health Systems
- 3 Helen Ross McNabb Center
- 4 Volunteer Behavioral Health Chattanooga
- 5 Volunteer Behavioral Health Cookeville
- 6 Mental Health Co-Operative
- 7 Pathways of Tennessee
- 8 Alliance Healthcare Services

Regional Mental Health Institutes

- 1 Moccasin Bend Mental Health Institute
- 2 Middle Tennessee Mental Health Institute
- 3 Western Mental Health Institute
- 4 Memphis Mental Health Institute

Respite Services

- A Frontier Health
- B Volunteer Behavioral Health
- C Mental Health Co-operative
- D Alliance Healthcare Services

Medically Monitored Withdrawal Management (Detox)

- 1 Helen Ross McNabb
- 2 CADAS
- 3 Buffalo Valley
- 4 Pathways
- 5 Alliance Healthcare Services
- 6 Frontier
- 7 Volunteer

ATTACHMENT D

D. 1). a) Describe the demographics of the population to be served by the proposal.

September 25, 2017

10:09 am

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year (2017)	Total Population- Projected Year (2021)	Total Population-% Change	*Target Population (18+) - Current Year (2017)	*Target Population (18+) - Projected Year (2021)	*Target Population (18+) - % Change	*Target Population (18+) - Projected Year as % of Total	Median Age (2010)	Median Household Income (2015)	Person Below Poverty Level (2015)	Person Below Poverty Level as % of Total (2015)	TennCare Enrollees	TennCare Enrollees as % of Total Population
Shelby County	964,804	986,423	2.24%	716,092	732,768	2.33%	74.29%	34.6	46,224	196,471	20.60%	281,655	29.19%
Service Area Total	964,804	986,423	2.24%	716,092	732,768	2.33%	74.29%	34.6	46,224	196,471	20.60%	281,655	29.19%
State of TN Total	6,887,572	7,179,512	4.24%	5,114,657	5,555,185	8.61%	74.38%	38.0	45,219	1,117,594	16.59%	1,559,209	22.63%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The applicant intends to focus on the psychiatric and medical needs of low-income, Medicare, and self-pay patients. Shelby County's population is made up of approximately 55% minorities; approximately 27% people aged 55+ and approximately 51% female. Methodist aims to serve any and all special needs of the proposed service area. Methodist serves the adult SPMI patient population which is a large Medicare psychiatrically disabled population. The patients that Methodist serves also tend to be noncompliant and are admitted on both a voluntary and non-voluntary basis. The applicant also cares for chronic and acute patients with comorbid medical condition that require a longer time to stabilize.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply

Supplemental #2

Methodist Healthcare
Memphis Hospitals

CN1709-029



SEP 28 '17 AM 10:33

SUPPLEMENTAL #2

September 28, 2017

10:33 am

September 27, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare--Memphis Hospitals dba Methodist North Hospital filed CN1709-029 to relocate Methodist's psychiatric unit on September 15, 2017. Please see responses to the second set of Supplemental questions received September 26, 2017 including additional copies or previous cover letters and affidavits that can be pulled and filed with copies already sent.

Enclosed in triplicate is the supplemental response. Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Carol Weidenhoffer".

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

SEP 28 '17 AM 10:33

SUPPLEMENTAL #2

September 28, 2017

10:33 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY:

Methodist Healthcare – Memphis Hospitals dba Methodist North Hospital

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones, President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27 day of Sept, 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019

HF-0043

Revised 7/02



**METHODIST HEALTHCARE—
MEMPHIS HOSPITALS**

**SUPPLEMENTAL RESPONSE #2
CN1709-029**

**METHODIST NORTH HOSPITAL
PSYCHIATRIC UNIT
RELOCATION**

MEMPHIS, SHELBY COUNTY

Filed September 2017

1. Affidavit and Cover Letter

In the filing of additional information by the applicant dated September 22, 2017 it is noted HSDA receive only one copy of the Methodist Healthcare cover letter and affidavit. Please provide two copies each of the letter and affidavit per agency rule.

Please see Attachment A for additional copies of the cover letters and affidavits dated September 15, 2017 and submitted with the original application plus those submitted with the September 22, 2017 and September 25, 2017 supplemental responses. This was an oversight.

2. Section B. , Orderly Development, Item D

The Department of Health license for Methodist Healthcare-Memphis Hospitals located at 1265 Union Avenue, Memphis, TN is noted in Attachment B: Orderly Development D. Please clarify if the license includes the proposed application site of 3960 New Covington Pike, Memphis, TN 38128.

Please see Attachment B for the revised Methodist Healthcare - Memphis Hospitals' license effective through September 14, 2018 which was received earlier this week.

The applicant, owner, and licensee, Methodist Healthcare-Memphis Hospitals, is a not-for-profit corporation that operates five Shelby County hospitals under a single license including the applicant, Methodist North Hospital. The license also includes Methodist University Hospital, Methodist South Hospital, Methodist Le Bonheur Germantown Hospital, and Le Bonheur Children's Hospital.

It is noted the applicant is accredited by "DNV GL-Healthcare". Please briefly describe this type of accreditation and how it relates to this project.

DNV GL-Healthcare is one of the CMS approved accreditation organizations for hospitals. This accrediting program focuses on compliance with the CMS Conditions of Participation and the International Standards Organization (ISO) criteria for Quality Management Systems (ISO 9001:2015). Methodist Healthcare - Memphis Hospitals (including Methodist North Hospital) has obtained CMS Hospital Medicare accreditation from DNV GL- Healthcare.

September 28, 2017

10:33 am

Please see Attachment C for a revision to page 4 in the originally filed application that modifies a response to describe DNV as Methodist's accrediting organization.

3. Section B. , Orderly Development, Item D (2) Page 47

Please provide a copy of the original survey and the hospital's plan of correction that is referenced in the April 8, 2016 letter from CMS in attachment "C: Orderly Development D2".

Please see Attachment D for the Statement of Deficiencies and Plan of Correction related to the April 8, 2016 letter from CMS. The April letter from CMS is in attachments with the original filed application as C: Orderly Development D2 - CMS Letter of Compliance

4. Section B. , Orderly Development, Item E (2) (G)

Please verify if Methodist Le Bonheur Healthcare System is involved in a class action lawsuit filed involving allegations of illegal billing practices.

Methodist Le Bonheur Healthcare, parent company of the applicant, is involved in only one class action lawsuit involving allegations of illegal billing practices. This lawsuit was originally filed in 2009 and dismissed without prejudice by a federal court in 2011. It was refiled in 2013 in Shelby County Chancery Court. It was removed to federal court in July 2017 and because we believe the case to be without merit, we have filed a Motion to Dismiss which is pending now.

ATTACHMENT A



September 28, 2017

10:33 am

September 14, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Le Bonheur Healthcare, centered in Shelby County, is one of Tennessee's largest healthcare providers. Methodist Healthcare's principal acute care subsidiary organization is Methodist Healthcare--Memphis Hospitals that owns and operates five Shelby County hospitals. Methodist North Hospital is the 246-bed adult facility located in the northern quadrant of the Methodist service area. Methodist North is filing a Certificate of Need for the relocation of the 34-bed Methodist Psych inpatient unit currently located on the Methodist University Hospital campus to the Methodist North campus. As a result of extensive renovation and modernization plans approved by CN1602-009 for Methodist University, the building currently housing the Psych unit is scheduled to be demolished in 2019. Methodist North is the optimal location for the relocated service and beds.

Enclosed in triplicate is Certificate of Need Application, signed Affidavit, Proof of Publication as well as the check for the filing fee. Please let us know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Carol Weidenhoffer".

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

September 28, 2017**10:33 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF SHELBY

Florence Jones, President, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Florence Jones, President
SIGNATURE/TITLE

Sworn to and subscribed before me this 11 day of September, 2017 a Notary
(Month) (Year)

Public in and for the County/State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019
(Month/Day) (Year)





Methodist
Healthcare

SUPPLEMENTAL #2

September 28, 2017

10:33 am

September 22, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare--Memphis Hospitals dba Methodist North Hospital filed CN1709-029 to relocate Methodist's psychiatric unit on September 15, 2017. It was noted in the supplemental questions received September 21, 2017 (question #13) that a page numbering issue caused the last several pages of the Application to be omitted in the initial filing. Please see the missing pages attached as discussed with Phillip Earhart. The full, original renumbered Application was emailed in response to supplementals on September 21, 2017 as well.

Per discussions with Phillip, the full application with attachments and all other responses to supplementals will be mailed to you early next week before the deadline.

Enclosed in triplicate are the missing pages. Thank you. Please let us know if you have any questions or need additional information.

Sincerely,

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

September 28, 2017

10:33 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 22 day of September 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Stone
NOTARY PUBLIC

My commission expires My Commission Expires January 20, 2019

HF-0043

Revised 7/02





Methodist
Healthcare

SUPPLEMENTAL #2

September 28, 2017

10:33 am

September 25, 2017

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare--Memphis Hospitals dba Methodist North Hospital filed CN1709-029 to relocate Methodist's psychiatric unit on September 15, 2017. Please see responses to the Supplemental questions received September 21, 2017 including a full re-print (Attachment E) of the application and attachment with corrected page numbers.

Enclosed in triplicate is the supplemental response. Thank you. Please let us know if you have any questions or need additional information.

Sincerely,

Carol Weidenhoffer
Senior Director of Planning and Business Development

cc: Byron Trauger

September 28, 2017

10:33 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: METHODIST HEALTHCARE – MEMPHIS HOSPITALS, DBA
METHODIST NORTH HOSPITAL

I, FLORENCE JONES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Florence Jones, President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of September 2017,
witness my hand at office in the County of Shelby, State of Tennessee.

Nancy Slone
NOTARY PUBLIC

My commission expires _____ My Commission Expires January 20, 2019

HF-0043

Revised 7/02



ATTACHMENT B

Board for Licensing Health Care Facilities



State of Tennessee

DEPARTMENT OF HEALTH

0000000109

No. of Beds 1593

This is to certify, that a license is hereby granted by the State Department of Health to

METHODIST HEALTHCARE - MEMPHISHOSPITALS to conduct and maintain a

Hospital

METHODIST HEALTHCARE - MEMPHIS HOSPITALS

Located at

1265 UNION AVENUE, MEMPHIS

County of

SHELBY

Tennessee.

This license shall expire SEPTEMBER 14, 2018, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 24TH *day of* AUGUST, 2017.
In the District Category(ies) of: GENERAL HOSPITAL
PEDIATRIC PRIMARY HOSPITAL



By *Timothy J. Davis, MPH*
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *John J. Davis, Jr.*
COMMISSIONER

SUPPLEMENTAL #2

September 28, 2017

10:33 am

ATTACHMENT C

September 28, 2017**10:33 am**

North Hospital. Methodist has operated the psychiatric unit since 1973, and is committed to continue services. Currently, Methodist University Hospital is undergoing a modernization plan approved by CN1602-009. The demolition of the Crews building – where the psychiatric unit is housed – will force the relocation of the program and beds.

- The choice to relocate the 34 beds to a hospital within the same system, only 13.7 miles away, allows Methodist to serve the same community with the same resources. This project is needed in order to maintain accessibility to acute mental health services.
 - The majority of patients admitted to the Methodist psychiatric unit are Severely and Persistently Mentally Ill (SPMI) patients who are psychiatrically disabled adults with Medicare coverage. Methodist will continue to serve chronic, SPMI patients in this unit with onsite acute medical services to treat comorbid medical conditions. Projections show the composition of the population and mix of populations served will change.
 - Methodist currently plays an active role in the psychiatric continuum of care in the service area with positive relationships with referral sources. The majority of the applicant's patients arrive during crisis by ambulance or as direct referrals from the Crisis Assessment Center. This relocation maintains positive referral relationships in an improved location.
 - The unit runs in a cost effective manner – the new location was most cost effective and least disruptive choice. The proposed location is attached to the main hospital but contained as singular space. The building is isolated from the rest of the general hospital with a separate entrance. The secured, controlled access makes it an optimal setting for psychiatric services to ensure privacy and security.
 - The proposed location provides more square footage for the service line adding more expansive group therapy and activities space and a larger environment of care.
- 2) Economic Feasibility;
- This project is economically feasible. The projections in this application show Methodist North Hospital and psychiatric inpatient service will remain financially viable with breakeven by year 1 (2020).
 - Methodist North Hospital is an integral part of Methodist Healthcare-Memphis Hospitals currently with 246 of the total 1,593 licensed beds. This investment will contribute to the long term viability and sustainability of the campus.
- 3) Appropriate Quality Standards; and
- These beds will be accredited by the DNV. The psychiatric unit will meet and exceed all relevant quality standards as regulated by DNV.
- 4) Orderly Development to adequate and effective health care.
- This project has been meticulously considered and planned. Consideration was given to keeping the 34-bed unit on the Methodist University Hospital campus as originally planned in CN1602-009. However after further analysis, it was determined the Methodist North campus better met the needs of the program with improved space and environment of care.
 - The beds and programs are well established and a part of the service area's psychiatric continuum of care. The project will not negatively affect any providers in the service area. These are existing Methodist beds which will be relocated within the same hospital system less than 14 miles away.
 - Existing equipment, clinical leadership, professional staff, equipment and policies and procedures will be relocated with minimal disruption of services.

ATTACHMENT D

September 28, 2017

10:33 am

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 03/03/2016
FORM APPROVED
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 440049	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED C 03/01/2016
NAME OF PROVIDER OR SUPPLIER METHODIST HEALTHCARE MEMPHIS HOSPITALS			STREET ADDRESS, CITY, STATE, ZIP CODE 1265 UNION AVE SUITE 700 MEMPHIS, TN 38104		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
A 000	<p>INITIAL COMMENTS</p> <p>Intakes: TN00038091</p> <p>A certification complaint survey was conducted from 2/22/16 to 2/29/16. An entrance conference was conducted on 2/22/16 at 9:40 AM with the Administrative Director, Quality and Performance Improvement and Regulatory Manager.</p> <p>A telephone exit conference was conducted on 3/1/16 at 8:00 AM with the Director of Quality and System Regulatory, Director of Safety, Chief Quality Officer, Director of Quality, Patient Advocate, Chief Operating Officer, Regulatory Program Manager, Security Director, Emergency Department Director and Chief Nursing Officer. The hospital was informed of the IMMEDIATE JEOPARDY.</p> <p>Based on review of hospital policies, document review, medical record review, facility video footage and interviews, the hospital was found out of compliance with the following Conditions of Participation: 482.12 Governing Body, 482.13 Patient Rights and 482.21 QAPI.</p> <p>The hospital's failure to provide care in a safe setting, ensure freedom from abuse, and ensure an ongoing QAPI program resulted in a SERIOUS and IMMEDIATE THREAT to the health and safety of all patients receiving hospital services and placed them in IMMEDIATE JEOPARDY and at risk for serious injuries and/or death.</p>	A 000	<p>Immediate action was taken by the CEO and Chief Quality Officer to confirm the hospital provides care in a safe setting. Following the exit conference on 3/1/16 a Task Committee was established by the Director of Quality and System Regulatory and included the CEOs, Chief Quality Officer, Vice Presidents and Directors responsible for Security Officers, Director of Safety, Emergency Management and Security, Director Regulatory, Human Resource Directors, Director of Security and Assistant General Counsel. The Task Committee reviewed (1) relevant policies and procedures; (2) training and competencies; and (3) the QAPI program for Security Officers as noted for the individual TAGs below.</p> <p><u>Notification of Board and Senior Leadership:</u> The Methodist Le Bonheur Healthcare Board of Directors - Executive Committee was notified regarding the CMS 2567, the immediate actions, and the plan for improvement on 3/10/16 via email sent by the CEO. Additionally, the Strategy Committee, including the CEOs of each hospital site, was informed of the State Agency findings and the plan for improvement by the CEO and Chief Quality Officer in their meeting on 3/4/16. (See Appendix B - Notifications)</p> <p><u>Governing Body Oversight:</u> Review of Policies and Procedures: The Vice President of Legal Service and Chief Quality Officer reviewed the current Charter to confirm the Board's oversight of the</p>	3/2/16	
A 043	<p>482.12 GOVERNING BODY</p> <p>There must be an effective governing body that is legally responsible for the conduct of the hospital.</p>	A 043	<p><u>Governing Body Oversight:</u> Review of Policies and Procedures: The Vice President of Legal Service and Chief Quality Officer reviewed the current Charter to confirm the Board's oversight of the</p>	3/10/16	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

[Signature] Sr VP Chief Quality & Safety Officer 3/29/16

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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A 043	<p>Continued From page 1</p> <p>If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body ...</p> <p>This CONDITION is not met as evidenced by: Based on policy review, document review and interview, the Governing Body failed to assume responsibility and provide oversight of the hospital's quality of care, patient rights, QAPI program. The failure of the Governing Body to assume responsibility and provide oversight to ensure patients were kept safe and protected during emergency treatment resulted in a fractured arm for one of one (Patient #1) patients and placed all vulnerable patients at risk for SERIOUS INJURY resulting in IMMEDIATE JEOPARDY. Additionally, the Governing Body's failure to respond to assure appropriate training was instituted to secure a safe setting for provision of care demonstrates the IMMEDIATE THREAT TO THE HEALTH AND SAFETY of patients ongoing.</p> <p>The findings included:</p> <ol style="list-style-type: none"> The Governing Body failed to ensure the Chief Executive Officer (CEO) was responsible and ensured the safety of the patients in the hospital. Refer to A 057. The Governing Body failed to ensure policies were implemented, all patients received appropriate care and services in a safe setting, were protected at all times, and their patient rights, dignity, and well-being were preserved. 	A043	<p>Continued From page 1</p> <p>hospital's quality of care, patient rights, and QAPI program is clearly delineated and found the Charter to be clear and in compliance with 42 C.F.R. § 482.12. Specifically, the Charter states the Board Quality Committee is delegated full authority with respect to the following matters: "(a) overseeing the review and recommendations of appropriate plans for provision of care, quality assessment and performance improvement (QAPI), utilization management and patient safety throughout the Organization, including quality and safety issues specific to the populations served; (b) overseeing the review and recommendations concerning actions to be taken to assist all facilities to conform, as fully and completely as possible with all requirements of The Joint Commission, CMS, and any other regulatory, licensing or accrediting agencies; and...(f) Reviewing and acting on recommendations for approval of medically -related policies and recommendations developed by medical staff -led committees as well as system and hospital safety committees." (See Appendix C - Board Quality Committee Charter).</p> <p>Monitoring: A system director over the Security Departments was appointed by the CEO on 3/8/16. This new system leadership role reports directly to the Sr. VP Clinical Effectiveness/Chief Quality Officer and will have responsibility for monitoring the work practices, security events, and QAPI program related to Security Officers system-wide.</p>	3/30/16	

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A 043	Continued From page 2 Refer to A 0115, A 0144 and A 0145. 3. The Governing Body failed to ensure the Quality Assessment Performance Improvement (QAPI) committee analyzed and reviewed all adverse patient events and implemented preventative actions to ensure the events did not reoccur. Refer to A 0263 and A 0286. A 057 482.12(b) CHIEF EXECUTIVE OFFICER The governing body must appoint a chief executive officer who is responsible for managing the hospital. This STANDARD is not met as evidenced by: Based on facility document review, policy review, record review, observation and interview, the Chief Executive Officer (CEO) failed to be responsible for the management of the hospital, ensure staff provided care to vulnerable patients in a safe environment and patients rights were promoted for 1 of 1 (Patient #1) sampled patients whose rights were violated resulting in a fractured arm. The findings included: 1. Review of the Safety Operations Committee meeting minutes for 1/14/16 documented a reportable adverse event occurred on 3/21/15 in which baton use by a security officer did not align with facility policy and procedure. Crisis Prevention Intervention (CPI) training was to be completed by 5/5/15. There was no documentation that the CPI training had been completed by 5/15/15. The only Security specific training required of the officers was the continued	A 043	Continue From page 2 Security physical intervention events will be reviewed by the new system Director of Safety, Emergency Management, and Security and facility Security Directors to ensure appropriate level of assessment and intervention by Security Officers. The above Directors will report and review the events at the system Environment of Care (EOC) Security Subcommittee and EOC Committee and the frequency of reporting will increase from bimonthly to monthly, as part of their ongoing QAPI program. A summary report will be provided by the Director of Safety, Emergency Management and Security at each system Safety Operations Council (SOC) meeting on monthly basis/10-months per year. The system SOC will oversee any improvement cycles. The Board Quality Committee will review Minutes from each system SOC meeting, and will receive and review a summary of these events, quarterly for 24 months. The effectiveness of the QAPI program will be reviewed annually by the Board Quality Committee, which will review trends for indicators related to the number of security events, appropriateness of de- escalation or use of physical tactics, harm events, completion of causal analysis, performance improvement, and required reporting to the facility and system QAPI committees. Additionally, the Board Quality Committee Chair will provide a summary of the Quality Committee information at full Board meetings (quarterly).

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A 057	Continued From page 3 use of the basic baton and aerosol training. 2. Review of an email dated 2/25/16 from the Chief Operating Officer revealed "...Prior to... [December 2015] the only Security specific training required for our officers was the basic baton and basic aerosol training..." 3. Review of 2/25/16 at 5:55 PM email from the Chief Operating Officer to the surveyor revealed training cards for Security Officers #2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17 and 18 for completed training and certification for basic baton training and basic aerosol training with no completion date. Review of basic aerosol training materials revealed the following facts about aerosols: The aerosols effect the eyes, face, respiratory system and skin pigmentation. The physical actions include rigid muscles, auditory exclusions, tunnel vision, basic fear, blindness and suffocation. Review of basic baton training materials revealed the following about baton usage: The use of a baton works on the motor nerves. Motor nerve points regulate the neural impulses that control the movement of muscles. When these signals are interrupted, there is a high intensity of pain, motor dysfunction/temporary paralysis of a particular muscle group, a sympathetic flexing response of the opposite unaffected joint. Refer to A 286. 2. A second reportable adverse event concerning a security officer occurred on 12/23/15. Review of the patient's medical record revealed Patient #1 was admitted to the Emergency Department	A 057	Continued From page 3 <u>Chief Executive Officer:</u> Policies and Procedures Reviewed: The Task Committee and the CEO reviewed, revised and approved the Security Policy: Use of Security Personnel to Deescalate and Resolve Threats to Safety on 3/28/16. The Policy ensures that crisis intervention and de-escalation techniques are used as the initial response and weapons are only deployed by Security Officers as a last resort in a situation involving an immediate physical threat to safety. The new policy states "use of weapons and security handcuffs is considered a law enforcement activity, not a health care intervention," and the perpetrator who is demonstrating criminal activity should be turned over to law enforcement. The policy further clarifies that "weapons or handcuffs should not be used to subdue a patient to apply a health care restraint/seclusion." (See Appendix C - Policy and Approvals) Training: The CEO at each hospital site was educated on the new policy and their role in the oversight of the Security Department and related QAPI activities via email communication from the Chief Quality Officer on 3/28/16. Monitoring: Beginning 3/1/16, each hospital site CEO and the system Director of Safety, Emergency Management, and Security will be responsible to ensure each physical intervention incident is reviewed by two Security Directors from another	3/28/16	

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A 057	Continued From page 4 (ED) on 12/23/15 via ambulance after passing out from too many alcoholic beverages. The patient was triaged and medical care initiated including lab work which revealed a blood alcohol level of 374 (the reference range used by the facility was less than or equal to 3 was normal). According to nursing documentation the patient eventually became agitated and Security was called to the ED. The Security Officer grabbed the patient's left wrist and the patient kicked out at the Security Officer. A loud "pop" was heard and the patient yelled his arm was broken. Review of the security officer's personnel file revealed the security officer had not received CPI training. As a result of the incident, Patient #1 sustained an oblique comminuted fracture of the distal shaft of the ulna. The patient's arm was splinted and he was discharged with orders for follow-up with an orthopedic physician. 3. There was no documentation the CEO had investigated the incident to determine the root cause in order to implement appropriate interventions and follow up to ensure patient's received care in a safe environment and were free of abuse. Refer to A 144, A 145 and A 286.	A 057	Continued From page 4 hospital site to determine if the degree of de-escalation or physical engagement is appropriate. All physical intervention events resulting in harm will be reviewed by the hospital site CEO or designee, Vice President and Security Director by the next weekly business day. The Security Director will provide a summary report to the hospital site QAPI committee. The hospital site CEOs and QAPI Committees will ensure a thorough common cause analysis is conducted on all events with harm and an ongoing QAPI program is in place to protect the health and safety of all patients. (See Appendix D - Compliance Monitoring)	
A 115	482.13 PATIENT RIGHTS A hospital must protect and promote each patient's rights. This CONDITION is not met as evidenced by: Based on document review, medical record review and interview, the facility failed to protect patients' rights in all areas of the hospital, to provide freedom from abuse and to provide care	A 115	<u>Actions to Protect Patients' Rights:</u> Immediately upon completion of the exit conference on 3/1/16 and receipt of the CMS 2567 on 3/8/16, action was taken to confirm the hospital continues to provide care in a safe setting, including – 1) Task Committee convened on 3/2/16;	3/28/16

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A 115	Continued From page 5 In a safe setting for all facility patients. Failure by the facility to provide freedom from abuse and care in a safe setting resulted in a SERIOUS AND IMMEDIATE THREAT for all facility patients. The findings included: 1. The facility failed to provide care in a safe setting for vulnerable patients presenting to the hospital Emergency Department. Refer to A 0144. 2. The facility failed to protect all patients from abuse. Refer to A 0145. 2. The facility failed to analyze contributing factors and implement measures in order to prevent patient abuse. Refer to A 0286	A 115	Continued From page 5 2) Security Officers without evidence of proper training were no longer provided equipment effective 0800 3/2/16; 3) Immediate training and competency test for Security officers completed by 3/10/16; 4) Board of Directors was notified and confirmation of their role in oversight by 3/10/16; 5) Facility CEOs notified and their role in oversight and management of the Security Department confirmed by 3/28/16; 6) Use of physical intervention and CPI training completed by all Security Officers by 3/18/16; 7) Initial and ongoing competencies for Security Officers developed and approved by 3/11/16; and 8) Enhanced QAPI program for Security physical intervention occurrences and patient safety confirmed and continuously in place by 3/18/16.		
A 144	482.13(c)(2) PATIENT RIGHTS: CARE IN SAFE SETTING The patient has the right to receive care in a safe setting. This STANDARD is not met as evidenced by: Based on review of the Emergency Medical Services (EMS) report, policy review, medical record review, video recording review and interview, the hospital failed to ensure vulnerable patients received care in a safe manner for 1 of 1 (Patient #1) sampled patients who sustained Injury while in the care of the hospital. Failure of the hospital to ensure patients were kept safe during emergency treatment resulted in a	A 144	Policy Review and Revision: The Task Committee and the CEO reviewed, revised and approved the Security Policy: Use of Security Personnel to Deescalate and Resolve Threats to Safety on 3/28/16. The Policy ensures that crisis intervention and de-escalation techniques are used as the initial response and weapons are only deployed by Security Officers as a last resort in a situation involving an immediate physical threat to safety. The new policy states "use of	3/28/16	

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A 144	<p>Continued From page 6</p> <p>fractured arm for Patient #1 and placed all vulnerable patients at risk for SERIOUS INJURY resulting in IMMEDIATE JEOPARDY. Additionally, the hospital's failure to respond with appropriate interventions to secure a safe setting for provision of care demonstrates the IMMEDIATE THREAT TO THE HEALTH AND SAFETY of patients is ongoing.</p> <p>The findings included:</p> <p>1. Review of the facility's policy "Security Management Plan" reviewed 1/2011 and 5/2015, effective date 1/1997, and revised 5/2012 and 2/2013 revealed, "[Hospital name] exists to benefit the people of our region by promoting good health, and by healing, caring and comforting... [Hospital] maintains a security management program that is designed to provide a safe and secure physical environment free of hazards and risks for patients... The purpose of the Security Management Plan is to define the program to minimize the risk of injury or property loss involving patients, visitors... Training hospital Associates is critical to their performance. Associates are trained to recognize and report either potential or actual incidents to ensure a timely response. Associates in security-sensitive areas are familiarized with the protective measures designed for those areas and their responsibilities to assist in protection of patients, visitors..."</p> <p>2. Review of the EMS report dated 12/23/15 revealed EMS arrived on the scene at 1:46 AM to find a 57 year old male sitting in the yard. "...The pt [patient] mother stated that the pt started drinking alcohol and had too much. The pt was responsive to verbal stimuli only..." The patient</p>	A 144	<p>Continued From page 6</p> <p>weapons and security handcuffs is considered a law enforcement activity, not a healthcare intervention," and the perpetrator who is demonstrating criminal activity should be turned over to law enforcement. The policy further clarifies that "weapons or handcuffs should not be used to subdue a patient to apply a health care restraint/seclusion." (See Appendix C - Policy and Approvals)</p> <p>Associate Training and Competencies: By 3/30/16, all Security Officers received training on the new Policy and a competency test was required for all Security Officers who had previously completed the training. Security Officers who scored below 90% on the competency test were required to complete the full 2-day Basic Officer Training by 3/18/16, which was taught by certified trainers. Additionally all Security Officers in the system who did not have the appropriate documentation of training on file completed non-violent and crisis intervention (CPI) and Basic Officer Training by 3/18/16, which was taught by certified instructors. Initial (new hire) and ongoing (annual) training and competency expectations were developed and approved by the Task Committee on 3/11/16. The Security Directors and system Director for Safety, Emergency Management and Security will ensure initial competencies are completed within 30-days of hire (and prior to issuing equipment) and ongoing competencies are completed annually.</p>		3/30/16

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A 144	Continued From page 7 was transported to the hospital. The EMS report documented the patient's vital signs were within normal limits and blood glucose level was 90. The patient received 300 milliliters of normal saline en-route to the hospital. 3. Medical record review for Patient #1 revealed the patient was a 57 year old male who arrived at the hospital's ED by EMS on 12/23/15 at 3:20 AM. The ED notes documented, "[Patient #1] passed out after drinking too many Busch beers. 'my dad died yesterday and I have a lot going on'..." 4. Review of the ED Nursing notes dated 12/23/15 revealed the following: 3:20 AM- ED Triage Assessment form documented the patient's visit reason as Intoxicated. 3:25 AM - Registered Nurse (RN) #2 documented labs were drawn. Results of the blood alcohol level were 374 milligrams per deciliter (mg/dl). The reference range (the range negative for alcohol) used by the laboratory was < = 3 (less than or equal to 3). 3:59 AM - RN #2's assessment completed. There was no documentation the patient was exhibiting inappropriate behaviors. 7:05 AM - Care of the patient was transferred to the day shift nurse, RN #1. There was no documentation from 3:59 AM to 7:05 AM that the patient was exhibiting inappropriate behaviors. 7:15 AM - RN #1 documented "pt removed own int [intermittent access]. dressing applied. pt agitated yelling out. spoke with pt in the attempts to calm down. pt somewhat better at this time." 7:45 AM - "pt refusing additional int. [Physician #1] notified. Awaiting orders" 7:55 AM - "[Physician #1] at bs [bedside]."	A 144	Continued From page 7 Security Officer training and competencies are provided initially upon hire and annually to reinforce the appropriateness of basic officer skills, nonviolent crisis intervention (CPI) de-escalation techniques, all to address the management and safety of patients in our hospital facilities. Compliance with the training will be monitored by the system Director of Safety, Emergency Management and Security and Security Directors, and evidence of completion will be documented in Department/Human Resource files by 3/30/16. Compliance Monitoring: The new System Director of Safety, Emergency Management and Security will have oversight of the QAPI program for the Security Department and will ensure that each physical intervention event is entered by the Security Officers, or designee, into the hospital's electronic incident reporting system (Safeguard) and reviewed independently by two Security Directors from another hospital site to determine appropriateness of the de-escalation and the level of physical intervention. The new system Director of Safety, Emergency Management and Security will ensure that the independent review is reported by the Security Directors in the Environment of Care - Security Subcommittee, monthly. Additionally each event with harm will be reported to the CEO, or designee, by the next	3/30/16	

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A 144	Continued From page 8 8:00 AM - "pt out of rm [room]. Remains slightly agitated at this time. Pt informed to return to bed. Pt slow to comply." 8:45 AM - "pt continues to yell off and on. pt verbal with staff. pt informed to calm down." 9:00 AM - "pt argumentative with staff standing in doorway. Security called. pt placed back in bed and was informed to stay in bed until [Physician #1] notified." 9:05 AM - "pt standing outside of doorway, agitated [agitated]/argumentative [argumentative] with staff. Mother at bs at this time. pt informed to go back to room as it is unsafe in hallway. pt refused. pt yelling derogatory [derogatory] remarks to staff. Security called back to room." 9:15 AM - "[Name of Security Officer #1], security at bs. pt yelling at staff/now clinging to door handle. [Name of Security Officer #1] grasping L [left] wrist to control pt. pt began to push [Name of Security Officer #1] away and swung L arm around. [Name of Security Officer #1] requested pt to stop acting this way. pt noncompliant at this time. pt continues with foul language now directed at [Name of Security Officer #1]. [Name of Security Officer #1] pulled on pt L wrist to assist pt back to bed. pt kicked leg up with possible attempt to kick [Name of Security Officer #1] or to lock foot around door. Heard a loud 'pop'. pt yelled out. 'you broke my arm you MF!'" Mother ran to pt to calm him down. Pt placed in we [wheelchair]. I exited rm [room] to inform [Physician #1]." 9:19 AM - "[Physician #1] at bs for eval [evaluation]. Security remains at bs." 9:25 AM - "pt transport to xray per we [wheelchair] per edt [emergency department technician] with security escort (Security Officer #18)."	A 144	Continued From page 8: weekly business day, and a comprehensive and thorough causal analysis will be completed by the system Director of Safety, Emergency Management and Security, Security Directors, and Director of Risk Management within 45-days of the event to identify opportunities for improvement. Evidence of the causal analysis will be on file in the Risk Management Department and in the minutes of the Environment of Care Security Subcommittee meetings, monthly. The physical intervention events will be reported monthly to the appropriate hospital site and system QAPI committees and the Board Quality Committee. The system Director Safety, Emergency Management and Security will ensure information is appropriately documented in related QAPI committee minutes in the required frequencies. Additionally, the system Director of Safety, Emergency Management and Security, and/or designee, will randomly audit 10 Security Officer files to ensure training and competencies are complete, monthly for 24-months.		

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A 144	<p>Continued From page 9</p> <p>9:30 AM - "spoke with [name], mother of pt. r/t [related to] poc [plan of care]. Verbalized understanding."</p> <p>9:33 AM - "pt returned from xray. In speaking with pt. pt remains mildly agitated, however is calm enough to have an intelligent conversation. pt somewhat apologetic at this time."</p> <p>9:55 AM - "...pt medicated with Tylenol 650 mg po."</p> <p>10:00 AM - "...int to RAC [right antecubital]...no status change. will continue to monitor."</p> <p>10:30 AM - "pt with continue pain. [Physician #1] notified. Orders received and completed."</p> <p>10:35 AM - "splint/sling to L arm. pt tolerated procedure well."</p> <p>11:52 AM - pt was discharged home with his mother.</p> <p>5. Review of ED Provider Notes dated 12/23/15 revealed the following documentation by Physician #1:</p> <p>7:55 AM - "... Chief Complaint from Nursing Triage Note: 12/23/15 3:20 AM ... passed out after drinking too many Busch beers. 'my dad died yesterday and I have a lot going on'. The patient presents with alcohol intoxication. The onset was unknown... Pt states that his father just died yesterday. Usually drinks two beers daily but today he thinks he drank about six beers. Doesn't remember much after that, just remembers waking up in the emergency room. States he does not know what he's doing here... Laboratory results... Serum Ethyl Alcohol 374 milligrams per deciliter (mg/dl) CRIT [critical value] ... "</p> <p>9:11 AM - "called to room - pts mother is now here and is able to take him home. Pt is belligerent right now, arguing and cursing. Security guard is present. Trying to calm situation at this point. Pt is medically cleared for discharge</p>	A 144		

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A 144	Continued From page 10 home now that his mother is here and can take him home (prevelous plan was behavioral health for drunk tank as he had been unable to get a ride before)" 9:16 AM - "Called to room again. Pt complaining of left forearm pain. Per report of security guard and nurse present at this time, patient (who remains intoxicated and is currently very belligerent) was holding onto the door with one arm and trying to kick the security guard. The security guard took hold of his left arm to try to hold him off and a pop was heard, then pt c/o [complained] pain. Will xray forearm now." 9:45 AM - "xray has been completed and film reviewed (final read pending)- ulnar shaft fracture noted, ortho [orthopedics] paged for consult, awaiting callback." 10:15 AM - "Arm rechecked... distal mobility and sensation intact. Mild swelling... No gross deformity..." Physician #1 ordered the following: Norco (hydrocodone bitartrate) 7.5 mg-325 mg tablet now and apply Left arm Posterior splint. "Discussed results w patient including ortho recs. Posterior splint to be placed, then ok to de home with mother to flu w ortho outpatient. Patient advised against alcohol abuse... Diagnosis: Acute alcohol intoxication, Left ulnar fracture... Condition: Stable Disposition: Medically cleared, Discharged... home. Patient was given the following educational materials: ALCOHOL INTOXICATION, ALCOHOL ABUSE, FRACTURE, Upper Extremity. Follow up with Physician #2 within 5 to 7 days... Discharge patient... Home, with mother after splint placement..." 6. Review of the x-ray report dated 12/23/15 at 9:18 AM revealed, "Clinical Information: Left arm pain, fracture...There is an oblique comminuted	A 144		

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A 144	<p>Continued From page 11</p> <p>[shattered] fractures of the distal shaft of the ulna. The radius appears to be intact"</p> <p>7. Review of the facility video (no audio recording) of the ED for 12/23/15 beginning 9:03 AM revealed Patient #1 standing in the hallway in front of his room in the ED talking. At 9:05 AM, Patient #1 is assisted into the room by Registered Nurse (RN) #1 with Security Officer #1 present RN #1 and Security Officer #1 assist Patient #1 into his ED room on different occasions. At 9:13 AM Patient #1's mother arrived at the doorway of Patient #1's room. She is observed in the hallway with RN #1. At 9:14 AM Patient #1 and his mother are standing in front of the patient's room. The mother is observed shaking her finger at Patient #1. Patient #1 and his mother, Security Officer #1 and RN #1 are observed to enter the patient's room. At 9:15 AM Physician #1 is observed talking to the patient's mother. At 9:16 AM, Security Officer #1 is observed outside of the patient room attempting to close the door but unable to do so. Security Officer #1 turns around to see why the door will not close. Security Guard #1 entered the patient's room, followed by RN #1. The RN came out of the patient's room, and returned with the physician.</p> <p>8. During an interview in the conference room of North campus on 2/24/16 at 9:25 AM, RN #1 stated Patient #1 was "...belligerent, yelling, cussing... whole 9 yards... called [Security Officer #1] trying to get him to calm down, [Patient #1 became] more angered... [Security Officer #1] grabbed him [Patient #1], heard 'pop'..."</p> <p>During a telephone interview on 2/25/16 at 8:06 AM, Patient #1 stated he told the Security Officer #1 he was leaving, and Security Officer #1 told</p>	A 144			

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A 144	Continued From page 12 him he was not leaving. The patient stated he put his foot in the door. He stated Security Officer #1 walked over to him, grabbed his arm and snapped it. The patient stated he called Security Officer #1 "...Mr. Clean, I guess he didn't like that. He was a tall, bald guy in a white shirt... Guess I shouldn't have said it... my father had passed away December 21st..." The patient stated the x-ray showed his arm was broken. During a telephone interview on 2/25/16 at 8:40 AM, Security Officer #1 stated, "I was assaulted by this patient. He hit me, punched me, kicked me ... this patient was out of control. He was combative. They called for Security and I responded... He assaulted me... he accidentally got his arm broke..." There was no documentation in the medical record Security Officer #1 had been hit, punched or kicked. The Security Officer Supervisor provided the surveyor with a list of security staff and the date of the most recent department specific training the officers attended. There was no documentation of continuing education on department specific security issues for security officers between October 2014 and January 2016.	A 144	
A 145	482.13(c)(3) PATIENT RIGHTS: FREE FROM ABUSE/HARASSMENT The patient has the right to be free from all forms of abuse or harassment. This STANDARD is not met as evidenced by: Based on policy review, medical record review, video recording review and interview, the hospital	A 145	<u>Actions to Protect Patients' Rights:</u> Immediately upon completion of the exit conference on 3/1/16 and receipt of the CMS 2567 on 3/8/16, action was taken to confirm the hospital continues to provide care in a safe setting, including –
			3/28/16

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A 145	<p>Continued From page 13</p> <p>staff failed to adhere to policies to ensure vulnerable patients were protected at all times and their rights, dignity and well-being were preserved for 1 of 1 (Patient #1) sampled patients whose right to be free from abuse was violated. Failure of follow policies and procedures, protect patients from abuse and to treat patients with dignity and respect resulted in Patient #1 sustaining a fracture of the arm from inappropriately applied restraining measures and placed all vulnerable patients at risk for SERIOUS INJURY resulting in IMMEDIATE JEOPARDY. Additionally, the hospital's failure to respond with appropriate interventions to ensure patients are safe from abuse demonstrates the IMMEDIATE THREAT TO THE HEALTH AND SAFETY of patients is ongoing</p> <p>The findings included:</p> <p>1. Review of the facility's policy "Security Management Plan" reviewed 1/2011 and 5/2015, effective date 1/1997, and revised 5/2012 and 2/2013 revealed, "[Hospital name] exists to benefit the people of our region by promoting good health, and by healing, caring and comforting ... [Hospital] maintains a security management program that is designed to provide a safe and secure physical environment free of hazards and risks for patients... The purpose of the Security Management Plan is to define the program to minimize the risk of injury or property loss involving patients, visitors... Training hospital Associates is critical to their performance. Associates are trained to recognize and report either potential or actual incidents to ensure a timely response. Associates in security-sensitive areas are familiarized with the protective measures designed for those areas and their</p>	A 145	<p>Continue From page 13</p> <p>1) Task Committee convened on 3/2/16; 2) Security Officers without evidence of proper training no longer provided equipment effective 0800 3/2/16; 3) Immediate training and competency test for Security officers completed by 3/10/16; 4) Board of Directors was notified and confirmation of their role in oversight by 3/10/16; 5) Facility CEOs notified and their role in oversight and management of the Security Department confirmed by 3/28/16; 6) Use of physical intervention and CPI training completed by all Security Officers by 3/18/16; 7) Initial and ongoing competencies for Security Officers developed and approved by 3/11/16; and 8) Enhanced QAPI program for Security physical intervention occurrences and patient safety confirmed and continuously in place by 3/18/16.</p> <p>Policy Review and Revision: The Task Committee and the CEO reviewed, revised and approved the Security Policy: Use of Security Personnel to Deescalate and Resolve Threats to Safety on 3/28/16. The Policy ensures that crisis intervention and de-escalation techniques are used as the initial response and weapons are only deployed by Security Officers as a last resort in a situation involving an immediate physical threat to</p>	3/28/16	

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A 145	Continued From page 14 responsibilities to assist in protection of patients, visitors... The following areas are currently designated as sensitive areas based on historical precedence, internal assessments, patient information (HIPPA), or a high level of security from government and other regulations or standards... Emergency Department [ED] - high level of transient traffic... Personnel are reminded during their annual education about those areas of the facility that have been designated as security-sensitive. Associates assigned to work in sensitive areas receive department level continuing education on an annual basis that focuses on special precautions or responses that pertain to their area... All Associates are required to complete annual training... Department Directors are responsible for orientating Associates upon initial hire, and annually on department specific security issue..." 2. Medical record review for Patient #1 revealed the patient was a 57 year old male who arrived at the hospital's ED by Emergency Medical Services (EMS) on 12/23/15 at 3:20 AM after passing out in a family member's yard. The ED notes documented, "[Patient #1] passed out after drinking too many Busch beers. 'my dad died yesterday and I have a lot going on'..." The ED Triage Assessment form documented the reason for ED visit as intoxicated. A blood alcohol level was drawn and the results were 374 (reference range used by this facility is less than or equal to 3 as being negative for alcohol). At 9:00 AM the nursing notes documented " pt argumentative with staff standing in doorway. Security called. pt placed back in bed and was informed to stay in bed until [Physician #1] notified." At 9:15 AM the nursing notes documented	A 145	Continued From Page 14 safety. The new policy states "use of weapons and security handcuffs is considered a law enforcement activity, not a healthcare intervention," and the perpetrator who is demonstrating criminal activity should be turned over to law enforcement. The policy further clarifies that "weapons or handcuffs should not be used to subdue a patient to apply a health care restraint/seclusion." (See Appendix C - Policy and Approvals) Associate Training and Competencies: By 3/30/16, all Security Officers received training on the new Policy and a competency test was required for all Security Officers who had previously completed the training. Security Officers who scored below 90% on the competency test were required to complete the full 2-day Basic Officer Training by 3/18/16, which was taught by certified trainers. Additionally all Security Officers in the system who did not have the appropriate documentation of training on file completed non-violent and crisis intervention (CPI) and Basic Officer Training by 3/18/16, which was taught by certified instructors. Initial (new hire) and ongoing (annual) training and competency expectations were developed and approved by the Task Committee on 3/11/16. The Security Directors and system Director for Safety, Emergency Management and Security will ensure initial competencies are completed within 30-days of hire (and prior to issuing equipment) and ongoing	3/30/16	

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A 145	<p>Continued From page 15</p> <p>Security Officer #1 attempted to get the patient to return to the bed, grabbed the patients left wrist and a loud "pop" was heard. The patient yelled that his arm was broken.</p> <p>3. Review of ED Provider Notes dated 12/23/15 at 9:11AM revealed Physician #1 was "called to room - pts mother is now here and is able to take him home. Pt is belligerent right now, arguing and cursing. Security guard is present. Trying to calm situation at this point. Pt is medically cleared for discharge home now that his mother is here and can take him home (previous plan was behavioral health for drunk tank as he had been unable to get a ride before) "</p> <p>4. Review of the facility video (no audio recording) of the ED for 12/23/15 beginning 9:03 AM revealed Patient #1 standing in the hallway in front of his room in the ED talking. At 9:05 AM, Patient #1 is assisted into the room by Registered Nurse (RN) #1 with Security Officer #1 present. RN #1 and Security Officer #1 assist Patient #1 into his ED room on different occasions. At 9:13 AM Patient #1's mother arrived at the doorway of Patient #1's room. She is observed in the hallway with RN #1. At 9:14 AM Patient #1 and his mother are standing in front of the patient's room. The mother is observed shaking her finger at Patient #1. Patient #1 and his mother, Security Officer #1 and RN #1 are observed to enter the patient's room. At 9:15 AM Physician #1 is observed talking to the patient's mother. At 9:16 AM, Security Officer #1 is observed outside of the patient room attempting to close the door but unable to do so. Security Officer #1 turns around to see why the door will not close. Security Guard #1 entered the patient's room, followed by RN #1. The RN came out of the patient's room, and</p>	A 145	<p>Continued From page 15</p> <p>competencies are completed annually. Security Officer training and competencies are provided initially upon hire and annually to reinforce the appropriateness of basic officer skills, nonviolent crisis intervention (CPI) de-escalation techniques, all to address the management and safety of patients in our hospital facilities. Compliance with the training will be monitored by the system Director of Safety, Emergency Management and Security and Security Directors, and evidence of completion will be documented in Department/Human Resource files by 3/30/16.</p> <p>Compliance Monitoring: The new System Director of Safety, Emergency Management and Security will have oversight of the QAPI program for the Security Department and will ensure that each physical intervention event is entered by the Security Officers, or designee, into the hospital's electronic incident reporting system (Safeguard) and reviewed independently by two Security Directors from another hospital site to determine appropriateness of the de-escalation and the level of physical intervention. The system Director of Safety, Emergency Management and Security will ensure that the independent review is reported by the Security Directors in the Environment of Care - Security Subcommittee, monthly. Additionally any event with harm will be reported to the CEO, or designee, by the next weekly business day,</p>	3/30/16	

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A 145	<p>Continued From page 16</p> <p>returns with the physician.</p> <p>There was no observation on the video the patient was belligerent, combative, or exhibiting inappropriate behavioral activity.</p> <p>5. Review of the clinical documentation dated 12/23/15 revealed Physician #1 was called to Patient #1's room at 9:16 AM, "...Pt complaining of left forearm pain. Per report of security guard and nurse present at this time, patient (who remains intoxicated and is currently very belligerent) was holding onto the door with one arm and trying to kick the security guard. The security guard took hold of his left arm to try to hold him off and a pop was heard, then pt c/o [complained] pain. Will xray forearm now."</p> <p>6. Review of the x-ray report dated 12/23/15 at 9:18 AM revealed, "Clinical Information: Left arm pain, fracture ...There is an oblique comminuted [shattered] fractures of the distal shaft of the ulna. The radius appears to be intact."</p> <p>7. Review of a list of the hospital's Security Department personnel revealed 17 Security Officers and a Supervisor were employed at the hospital. The Security Officer Supervisor provided the surveyor with a list of security staff and the date of the most recent department specific training the officers attended. There was no documentation of annual continuing education on department specific security issues for the following officers: Security Officer #1's date of hire was 4/17/16. There was no documentation of department level specific training. Security Officer #2's date of hire was 7/2/12. The last annual department level specific training was documented 1/2014. There was no</p>	A 145	<p>Continued From page 16</p> <p>and a comprehensive and thorough causal analysis will be completed by the system Director of Safety, Emergency Management and Security, Security Directors, and Director of Risk Management within 45-days of the event to identify opportunities for improvement. Evidence of the causal analysis will be on file in the Risk Management Department and in the minutes of the Environment of Care Security Subcommittee meetings, monthly. The physical intervention events will be reported monthly to the appropriate hospital site and system QAPI committees and the Board Quality Committee. The System Director of Environmental Health and Safety will ensure information is appropriately documented in related QAPI committee minutes in the required frequencies. Additionally, the system Director of Safety, Emergency Management and Security, and/or designee, will randomly audit 10 Security Officer files to ensure training and competencies are complete, monthly for 24-months.</p>		

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A 145	Continued From page 17 documentation of continuing education on an annual basis. Security Officer #3's date of hire was 11/11/13. The last department level specific training was documented 1/2014. There was no documentation of continuing education on an annual basis. Security Officer #4's date of hire was 9/15/14. The last department level specific training was documented 10/2014. There was no documentation of continuing education on an annual basis. Security Officer #5's date of hire was 12/19/90. The last department level specific training was documented 4/2012. There was no documentation of continuing education on an annual basis. Security Officer #6's date of hire was 6/18/12. The last department level specific training was documented 8/2012. There was no documentation of continuing education on an annual basis. Security Officer #9's date of hire was 10/22/01. The last department level specific training was documented 5/2012. There was no documentation of continuing education on an annual basis. Security Officer #10's date of hire was 12/06/10. The last department level specific training was documented 12/2010. There was no documentation of continuing education on an annual basis. Security Officer #12's date of hire was 8/8/82. The last department level specific training was documented 12/2010. There was no documentation of continuing education on an annual basis. Security Officer #15's date of hire was 9/28/15. There was no documentation of department level	A 145	

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A 145	<p>Continued From page 18</p> <p>specific training.</p> <p>Security Officer #16's date of hire was 8/2/10. The last department level specific training was documented 1/2014. There was no documentation of continuing education on an annual basis.</p> <p>Security Officer #17's date of hire was 6/4/12. The last department level specific training was documented 7/2013. There was no documentation of continuing education on an annual basis.</p> <p>8. During an interview on 2/24/16 at 9:50 AM in the hospital's classroom, the Security Officer Supervisor stated security officers were trained in, "...de-escalation, use of force, tactics, and checked-off for aerosol and baton..."</p> <p>During an interview on 2/24/16 at 10:30 AM in the classroom, the Security Officer Supervisor stated the officers received training yearly to review paper work and maneuvers. The Security Officer Supervisor was asked if he had any documentation of staff attending the yearly reviews. The Security officer Supervisor stated he did not have documentation of this training. The surveyor asked if Human Resources kept a copy of Security Officer training and he stated no, that was kept by the Security Department. When the surveyor asked the Security Officer Supervisor about the incident between Patient #1 and Security Officer #1, he stated he had no behavior problems with Security Officer #1.</p> <p>During a telephone interview on 2/25/16 at 8:40 AM when Security officer #1 was asked what his job responsibilities were he stated, "...I was supervisor of security... had numerous duties... taught CPI (Crisis Prevention Intervention)</p>	A 145			

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A 145	Continued From page 19 classes... self-defense instructor... last class taught was November or December 2015... " When the surveyor asked Security Officer #1 what happened during his interaction with Patient #1, he stated the patient "was out of control. He was combative... He assaulted me ... he accidentally got his arm broke..." 9. Review of an email dated 2/25/16 from the Chief Operating Officer (COO) to the surveyor revealed "...Prior to... [December 2015] the only Security specific training required for our officers was the basic baton and basic aerosol training..."	A 145			
A 263	482.21 QAPI The hospital must develop, implement and maintain an effective, ongoing, hospital-wide, data-driven quality assessment and performance improvement program. The hospital's governing body must ensure that the program reflects the complexity of the hospital's organization and services; involves all hospital departments and services (including those services furnished under contract or arrangement); and focuses on indicators related to improved health outcomes and the prevention and reduction of medical errors. The hospital must maintain and demonstrate evidence of its QAPI program for review by CMS. This CONDITION is not met as evidenced by: Based on facility policy review, document review and interview, the facility failed to ensure it maintained an effective and on-going Quality Assessment and Performance Improvement	A 263	<u>QAPI:</u> Program Review: On 3/11/16, The Task Committee discussed and confirmed the enhanced QAPI program for the Security Departments' physical intervention events. The new system Director of Safety, Emergency Management and Security will have responsibility to ensure this program is adhered to by all hospital sites and that data, event review, causal analysis, shared learning, and reporting is completed timely and shared throughout the system. This QAPI program has the following components: 1) Reporting of physical intervention events in the hospital's electronic system (Safeguard) by the Security Officer, or designee; 2) Reporting of all physical intervention events resulting in harm to the CEO by next weekly business day; 3) Independent review of all physical intervention events by two Security Directors from another hospital site to determine if the	3/30/16	

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A 263	Continued From page 20 (QAPI) program to prevent adverse patient events. The failure by the facility to provide appropriate and timely interventions to secure a safe setting for the provision of care and prevention of abuse placed all vulnerable patients at risk for SERIOUS INJURY resulting in IMMEDIATE JEOPARDY. The hospitals' continued failure to intervene with appropriate and timely interventions to secure a safe setting for the provision of care demonstrates the IMMEDIATE THREAT TO THE HEALTH AND SAFETY of patients is ongoing. The findings included: 1. The facility failed to ensure the QAPI committee implemented appropriate preventative actions to secure a safe environment and prevent abuse. Refer to A 0286	A 263	Continued From page 20 application of de-escalation techniques and level of physical intervention was appropriate; 4) A Security Officer involved in an inappropriate use of physical intervention will be suspended, pending investigation; and if employment continues, retrained within 30-days before reissuing equipment; 5) Root Cause Analysis to be conducted on all events resulting in harm within 45-days; 6) Reporting and trending of events and causal analysis to the hospitals' QAPI committee ; and 7) Reporting and trending of events, results of the independent review, causal analysis, shared learning and improvement to the appropriate system QAPI committees and the Board Quality Committee. (See Appendix C -	
A 286	482.21(a), (c)(2), (e)(3) PATIENT SAFETY (a) Standard: Program Scope (1) The program must include, but not be limited to, an ongoing program that shows measurable improvement in indicators for which there is evidence that it will ... identify and reduce medical errors. (2) The hospital must measure, analyze, and track ...adverse patient events ... (c) Program Activities (2) Performance improvement activities must track medical errors and adverse patient events, analyze their causes, and implement preventive actions and mechanisms that include feedback and learning throughout the hospital.	A 286	Serious Safety Event Reporting Policy) Compliance Monitoring: The new system Director of Safety, Emergency Management and Security will review Safeguard reports, and relevant hospital site and system QAPI committee minutes to measure the reporting of events, event review, causal analysis, and reporting to QAPI committees is completed thoroughly and timely. This review will take place monthly for at least 24-months, or until compliance is sustained at 90% for 6-months. (See Appendix E - Compliance Monitoring)	3/30/16

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A 286	Continued From page 22 1. Review of the facility policy, "Use of Force-Security" effective 8/3/09 documented, "...One common definition of reasonable force is simply not to be excessive, under the circumstances... Use of Force Continuum is broken down into six broad levels. Each level is designed to have an elastic factor as the need for force changes as the situation evolves. It is common for the level for force to go from level two to level three and back again in a matter of seconds. The force level should always be appropriate for the circumstances and adjust up and down as the situation requires... Level Two: ...The right combination of words in combination with officer presence can de-escalate a tense situation and prevent the need for a physical altercation. Training and experience improves the ability of a security officer to communicate effectively with everyone including the police... Level Three - Control Holds & Restraints. Certain situation may arise where words alone does not reduce the aggression. Sometimes security guards and security officers will need to get involved physically. At this level, minimal force would involve the use of bare hands to guide, hold and restrain... A baton can only be used at this level as a self-defense mechanism to block blows or temporarily restrain... Level Four - Chemical Agents. Sometimes when... violent or threatening, more extreme, but non-deadly measures must be used in defense to bring the suspect under control... Before moving to level four, it is assumed that other less physical measures had been tried or was deemed inappropriate. ... Even though considered non-deadly, chemical sprays can cause a severe reaction and even death... with medical or allergic conditions... Training is the Key- To fully understand the force continuum it must be	A 286	Continued From page 22 the hospitals' QAPI committee ; and 7) Reporting and trending of events, results of the independent review, causal analysis, shared learning and improvement to the appropriate system QAPI committees and the Board Quality Committee. (See Appendix C - Serious Safety Event Reporting Policy) Compliance Monitoring: The new system Director of Safety, Emergency Management and Security will review Safeguard reports, and relevant hospital site and system QAPI committee minutes to measure the reporting of events, event review, causal analysis, and reporting to QAPI committees is completed thoroughly and timely. This review will take place monthly for at least 24-months, or until compliance is sustained at 90% for 6-months. (See Appendix E - Compliance Monitoring)	3/30/16

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A 286	<p>Continued From page 23</p> <p>periodically discussed and reviewed by security supervisors. Practical exercises will help re-enforce the training and cause the reactions to become more appropriate instead of instinctual. In a crisis situation, fear and adrenalin have a way of accelerating the force continuum. Practice and ongoing training exercises will ease the effects of stress and make the safe outcome more predictable..."</p> <p>2. Review of the Safety Operations Committee meeting minutes for 1/14/16 documented a reportable adverse event of physical abuse on 3/21/15. The adverse event was, "inappropriate interaction by a Security Officer with a Emergency Room patient, use of the baton did not align with the policy and procedure". There was no other information regarding this adverse event. There was no documentation the committee had fully analyzed the root cause of the abuse by the security officer.</p> <p>The Action Plan to prevent the abuse from recurring was Crisis Prevention and Intervention (CPI) training and in-service which was to be completed by 5/5/15. There was no documentation the training and in-service had been completed by 5/15/15.</p> <p>The Safety Operations Committee meeting minutes for 1/14/16 documented a second reportable adverse event of physical abuse on 12/23/15. The event was documented as, "Intoxicated ED patient became belligerent and Security Office assistance was requested; a hand wrist grab was used in attempt to control patient resulting in injury to patient. An x-ray revealed a comminuted fracture to the distal shaft of the ulna. The patient received immediate treatment and discharged home with Ortho [orthopedic]</p>	A 286			

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A 286	<p>Continued From page 24 follow-up". The Action Plans for the second adverse event were CPI and de-escalation training for the security department and ED Leadership. This was to be completed by 1/13/16.</p> <p>There was no documentation the CPI training and de-escalation training for the Security officers and ED leadership was completed by 1/13/16. There was no documentation QAPI had implemented measures to ensure the adverse events were corrected and would not re-occur prior to the surveyors visit on 2/22/16 for these two allegations of abuse.</p> <p>3. Medical record review for Patient #1 revealed the patient arrived at the ED via ambulance on 12/23/15 at 3:20 AM after passing out in a family member's yard. A blood alcohol level was drawn and the results were 374 (reference range used by this facility is less than or equal to 3 as being negative for alcohol). There was no documentation from the time of the patient's arrival until 9:00 AM the patient was agitated. At 9:00 AM the nursing notes documented the patient became agitated, was argumentative with staff and a Security Officer was called to the ED. At 9:15 AM the nursing notes documented the Security Officer #1 attempted to get the patient to return to the bed, grabbed the patient's left wrist and a loud "pop" was heard. The patient yelled that his arm was broken. An xray revealed the patient had sustained a fractured left arm.</p> <p>4. Review of the hospital video footage (no audio recording) which recorded the hallway of the ED and the entrance to the patient's room on 12/23/15 beginning 9:03 AM revealed Patient #1 was standing in the hallway in front of his room.</p>	A 286		

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A 286	<p>Continued From page 25</p> <p>The patient appeared to be talking.</p> <p>At 9:05 AM Patient #1 was assisted back inside his room by Registered Nurse (RN) #1 with Security Officer #1 present. The video showed RN #1 and Security Officer #1 assisting Patient #1 back into his ED room on several occasions.</p> <p>At 9:13 AM Patient #1's mother was observed in the entrance/doorway of Patient #1's room. The patient's mother appeared to be talking with RN #1.</p> <p>At 9:14 AM it appeared Patient #1 and his mother were talking. The mother was observed shaking her finger at Patient #1. Patient #1, the patient's mother, the Security Officer #1 and RN #1 were observed entering the patient's room.</p> <p>At 9:15 AM Physician #1 was observed talking to the patient's mother.</p> <p>At 9:16 AM Security Officer #1 was observed walking out of the patient's room into the hallway and attempting to close the door of the patient's room but unable. It appeared the patient's hand was holding the door preventing the door from closing. Security officer #1 re-entered the patient's room followed by RN #1. Within a few seconds RN #1 came out of the patient's room and returned immediately with Physician #1.</p> <p>There was no observation on the video recording footage the patient was experiencing behaviors.</p> <p>5. The facility's investigation determined the cause of the incident was the security officer. The facility terminated Security Officer #1's employment. The Committee Action Plans were CPI and de-escalation training for the Security Officers and ED leadership to be completed by 1/13/16. There was no documentation the CPI training and de-escalation training for the Security officers and ED leadership was completed by</p>	A 286			

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A 286	<p>Continued From page 26</p> <p>1/13/16. There was no documentation QAPI had implemented action plans/interventions to ensure security officers were trained in CPI and de-escalation training or conducted oversight to ensure the abuse did not recur ongoing.</p> <p>6. Review of an email dated 2/25/16 from the Chief Operating Officer to this surveyor revealed "...Prior to... [December 2015] the only Security specific training required for our officers was the basic baton and basic aerosol training ..."</p> <p>7. Review of 2/25/16 at 5:55 PM email from the Chief Operating Officer to the surveyor revealed training cards for Security Officers #2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17 and 18 for completed training and certification for basic baton training and basic aerosol training with no completion date.</p> <p>8. Review of basic aerosol training materials provided by the hospital revealed the following facts about aerosols: The aerosols effect the eyes, face, respiratory system and skin pigmentation. The physical actions include rigid muscles, auditory exclusions, tunnel vision, basic fear, blindness and suffocation.</p> <p>Review of basic baton training materials provided by the hospital revealed the following about baton usage: The use of a baton works on the motor nerves. Motor nerve points regulate the neural impulses that control the movement of muscles. When these signals are interrupted, there is a high intensity of pain, motor dysfunction/temporary paralysis of a particular muscle group, a sympathetic flexing response of the opposite unaffected joint.</p>	A 286			